Economic System of Islam

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Introduction

This is a talk on the economic system of Islam which the learned author broadcast from Radio Pakistan Lahore on March 2, 1948. It is being reproduced here in the hope that it will serve as a good introduction to the subject-matter of this book.

To keep the economic life of man on the lines of Equity and Truth Islam has laid down certain rules and has prescribed certain bounds within which the entire system of production, consumption and circulation of wealth must operate.

Islam does not concern itself with the modes of production and circulation of wealth. These modes change with the progress of civilization from age to age and evolve out of human circumstances and needs. Islam requires that in all ages and under all circumstances, the economic order of society must conform to the principles and bounds prescribed by it.

Islam holds that land and everything in it has been created by God for the benefit of man. Hence it is the birthright of every individual to secure his livelihood from the land. In this right all men are equal. No one can be deprived of this right, nor can any one claim any precedence over the other in this respect. The Shariah excludes no individual, race or class from availing of any means of livelihood or adopting any profession. Similarly no distinctions calculated to reserve certain means of livelihood or professions for some special class, race or family may be set up. All men have an equal right and must be afforded an equal opportunity to share in the produce of the God-made earth. The products of Nature, in whose making or finishing no man has expended his labour or skill are the property of all and every individual has the right to avail of them according to his need.

Water of the rivers and springs, forest wood, wild fruit, grass and pasture, air, marine or desert animals, open mines and all such economic resources are not the monopoly of anyone nor can any restriction on their free use by all and sundry be imposed. However, their large-scale exploitation for business purposes should be subject to state taxes. It is not meet to let God-made things lie unused. Either one should put them to his own use or let the others use it. It is on this principle that the Islamic law lays down that no lessee can keep the state-granted land unused for more than three years. If he does not bring it under cultivation, or build on it or put it to some other use for three years, then at the expiry of this period, the land shall be treated as evacuee. If some other person occupies it and puts it to use, no suit shall be admitted against him. The Islamic Government itself has the power to cancel the lease and transfer the land to someone else for settlement.

Whoever secures a thing in a natural state and makes it useful by his own labour and skill, becomes its owner. For instance, if a man occupies fallow land on which no one has an established right of ownership, and then puts it to some use, he cannot be evicted from that land. Ownership of property originated in this way according to the doctrine of Islam. In the initial stage of human settlement on earth, all things were open to use by man. Whoso got hold of a natural thing and made it useful in some way became its owner, that is, he obtained the right to reserve that thing for his own use and charge a price from anyone who wished to take advantage of it. This rule being the natural basis for all economic transactions among men, it should not be tampered with.

The Proprietary rights which one obtains through lawful means must be respected. The question to be decided is whether an ownership is valid by Shariah law or not Titles of ownership which are invalid by Shariah law must be abolished. As for titles which are valid by Shariah law, no Government or Parliament has the authority to forfeit of diminish them. No system designed to abolish the rights sanctioned by Shariah can

be established in the name of social good. To cut down the restrictions which Shariah has laid on private ownership in the interest of the community is as bad as to enhance those restrictions. It is incumbent upon the Islamic state to protect the Shariah rights of the individual and to exact those rights of the community which the Shariah has imposed upon him. God does not observe equality in the distribution of His bounties, but in His wisdom, gives precedence to some persons over others. Beauty, melody, health, physical strength, mental capacity, environment at birth......in these and several other respects no two human beings are equal.

Similar is the case with livelihood. The Natural scheme devised by God itself requires disparity among men in respect of livelihood. Hence in their purpose and principles all such schemes as are enforced with a view to establishing an artificial equality among men are wrong from an Islamic point of view. Islam does not envisage equality of livelihood, but equality of opportunity in the struggle for earning livelihood. Islam seeks to remove all obstacles, legal or customary, which prevent a man from realising his full potential in the economic struggle, nor does Islam allow the hereditary advantage of certain classes, races or families to solidify into a permanent legal right. Both modes forcibly replace a natural inequality by an artificial equality. That is why Islam intends to eliminate them and bring the economic system to such a natural state that every individual should enjoy freedom of endeavour. However Islam does not agree with those who wish to enforce equality in the means of endeavour and reward, for they wish to transform natural inequality into artificial equality.

Only that system can approximate to Nature in which every individual starts his economic struggle from the place and condition in which Allah created him. One who is born with a motor car should drive ; he who has merely tw feet to stand on should run on his legs; and the one who is born lame should limp along. The law should neither create a permanent monopoly of the motorist over motor car nor should debar the lame from securing

a motor car, nor indeed should everyone be forced to start the economic race from the same point and in the same condition and keep all the participants yoked together on the track.

On the contrary, while the law should not come in the way of the lame pedestrian securing a motor car by dint of his ability and hardwork, it should not unduly protect the motorist if he becomes a pedestrian through incompetence. Not only does Islam envisage a free and fair economic race but it also requires that the participants should not be callous and inconsiderate but generous and helpful to one another. On the one hand Islam develops among its followers a sense of moral obligation towards poor and backward sections of the society, on the other it requires the establishment of a permanent institution which should guarantee material support to disabled and helpless members of the society. Those who are unable to participate in the economic struggle should receive their share of national wealth through this institution; this institution should raise and set going those whom unfavourable circumstances have brought low; and it should extend support to those who may need it for starting off in the economic struggle.

For this purpose, Islam has enacted the law that Zakat at the rate of 2½% per year shall be levied on National savings as with as on commercial capital. Similarly 10 or 5% of the produce of ushri lands shall be exacted as Zakat. Upon certain mineral products the rate shall be 20%, while on a specified number of cattle heads a certain ratio of Zakat shall be imposed. The proceeds of all these levies shall be diverted to the assistance of the poor, orphans, old, disabled, the unemployed, sick and other categories of indigent people. This is a system of social insurance under which no member of the Islamic society will remain in want of the necessities of life, no working man will find himself so driven by the fear of starvation as to accept any terms of employment that the industrialist or the landholder may care to offer him and no man's state will fall below that minimum level which is a pre-requisite for participation in economic activity. Islam wishes to establish such a balance between individual

and society that the individual should retain his identity and freedom, without undermining public interest but essentially promoting it. Islam does not approve of any political or economic organization which seeks to submerge the individual in the society, and stultify the flowering of his personality.

Nationalization of all means of production in a country inevitably results in social regimentation. Under this circumstance the preservation and development of individual personality becomes very difficult, even impossible. Just as political and social freedom is essential for the growth of personality, so to a large extent is economic freedom. If we do not seek the complete annihilation of human personality our corporate life should allow scope for the individual to preserve his conscience by free economic activity and realise the potential of his physical and mental powers in accordance with his aptitude.

Rationed livelihood, whose keys are held by others, even if it is ample, cannot be pleasant, for its demoralising effect cannot be offset by a full stomach. Just as Islam abhors a regimented society, so it also condemns a *lassez faire* society in which the individual gains at the cost of public interest. The golden mean between these two extremes as adopted by Islam envisages that the individual saddled with certain restrictions and responsibilities should be left free to conduct his affairs. This is not the occasion to go into the details of these restrictions and duties. I shall, therefore, content myself with presenting their gist before you. Take the means of earning livelihood first. No legal system has set up such a sharp distinction between right and wrong means of earning livelihood as that of Islam. The law of Islam scrupulously condemns every means of earning livelihood whereby one individual gains to the moral or material detriment of another individual or society.

The Islamic Law proscribes the manufacture and sale of liquor, prostitution, dancing, singing and music, gambling, speculation, lottery, usury, transactions involving speculation, cheating and dubious commercial dealings in which the gain of

one party is assured while that of the other is doubtful, hoarding with a view to raising prices and all other forms of business harmful to the community as a whole. A study of the Economic Law of Islam will reveal to you a long list of the Prohibited means of Earning Livelihood, including several of those by which under the present capitalist system individuals become millionaires. Islam imposes a legal ban on all such means and permits man to earn his livelihood by those means only in which he receives a fair return for genuine and useful service rendered to others.

Islam acknowledges a man's right of ownership over that which he has earned by lawful means. But even this right is not unlimited. Islam binds a man to spend his lawfully earned wealth in lawful ways only. It has clamped such restrictions on expenditure that a person can lead a clean and pure life but cannot squander his wealth in voluptuous living nor can he adopt so ostentatious a style of living as to inspire awe in others. Some forms of extravagance have been clearly prohibited by Islamic law while regarding some other forms of extravagance which have not been explicitly detailed, the Islamic Government is authorised to put a ban on them.

A man can keep wealth left with him after legitimate and reasonable expense and invest his savings in a profitable venture. However these two rights are also subject to limitations. If the amount of his savings exceeds the statutory limit, he shall pay Zakat out of it at the rate of 2½% per annum. He shall invest his savings in lawful enterprise only. Whether a man sets up his own business or invests his capital in the form of cash, land, implements or goods in somebody else's business, both forms of investments are legitimate.

Working within the above bounds if a man does become a millionaire, Islam will not interfere with him. His good fortune will be regarded as a boon from God. Yet in public interest Islam will impose two conditions on this millionaire.

One, he shall pay Zakat on his trade goods and ushr on

agricultural produce. Two, he shall deal fairly with his business partners and employees. If he fails in this duty, the Islamic Government will apply coercive measures to bring him to the path of justice. Furthermore, Islam does not allow the wealth earned within these bounds to remain concentrated in the same hand for long, but by the law of Inheritance redistributes it at the end of every generation. In this matter the tendency of Islamic Law is unique among the legal systems of the world, which endeavour to keep wealth concentrated in the same family generation after generation. Islam on the other hand has enacted that wealth accumulated by a man shall be distributed at his death among his nearest relatives. If there are no nearest relatives, the distant relations shall inherit the deceased's wealth according to the prescribed ratio. If however, no near or distant relative of the deceased is forthcoming, the state shall inherit his property.

This Law militates against the perpetual maintenance of large capital or land-holdings.

In spite of all the above restrictions if any evil does result from the concentration of wealth, this last blow completely eliminates that evil.

(By courtesy of Radio Pakistan)

The Economic Problem of Man and Its Islamic Solution[1]

The economic problem which occupies in these days the centre of our intellectual life had never before attained so much prominence or assumed the importance it does to-day. I use the word "prominence" because, as a matter of fact, the importance which economics naturally has for the life of mankind has always, in every age, impelled individuals, communities, nations, countries, and indeed all men to pay due attention to it. But in our days this attention has turned into an obsession leading to the creation of a new science of economics, embodied in voluminous books, with high-sounding terminology and large organisation at its back. Along with this, new complications have been introduced in the production, distribution and acquisition of the necessities of life. As a result of this there is such a plethora of discussion and scientific research about economic problems, that in face of it all the other problems of mankind seem to have paled into insignificance. Strange to say, however, that the object on which the attention of the whole world has been riveted in this manner, instead of getting any nearer solution, is becoming more and more complicated. In fact it has become a veritable enigma. The abstruse terminology of the science of economics and the scholarly subtleties and hair splittings of economic experts have so confounded and mystified the ordinary

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1. (*Being an Address delivered in the Muslim University, Aligarh, on 20th October, 1941*).

people that the poor fellows, on hearing these expert discussions, stand aghast before the complexity of their economic problem and lose all hope of its solution, like a patient who is frightened on hearing from his doctor a biggish Latin name for his disease and thinks that he can be cured of his indisposition only by the special grace of God. In point of fact, however, if the smoke-screen and cloak of this scientific terminology and technical discussion is cast aside and the matter is looked at in its plain, natural simplicity, the economic problem of man can be easily understood, the advantageous aspects of the various solutions adopted can be examined without difficulty, and the correct solution of this knotty problem can come within easy grasp of the ordinary man.

Apart from the magic of professional complications and the rigmarole of terminology woven round this problem, a further complication has arisen by reason of the fact that the economic problem of man which was, indeed, a part of the larger problem of human life, has been separated from the whole and looked at as if it were an independent problem by itself. And gradually this attitude has taken such a firm root that the economic problem has come to be regarded as the sole problem of life. This is even a greater mistake which has made its solution infinitely difficult. This attitude is, however, utterly unscientific. It is as if an expert in liver diseases isolates the liver from the whole bodily system and, disregarding the position allotted to and occupied by the liver in the human body and its relationship with other bodily organs, starts looking at the liver in isolation; and then becomes so much absorbed in its examination that ultimately the whole bodily frame and physical system appears to him as a vast liver and nothing else. You can very well understand that if the problems of bodily health were sought to be solved by this "liverish" attitude, how impossible of solution they would become and to what extreme dangers will human life be exposed. In the same way if economics is isolated and segregated from the whole of which it is a part and an attempt is made to solve all the problems of life by means of economic panaceas as if man

were no more than an economic animal and his moral and spiritual aspirations have no reality apart from his economic endeavours. you should not be surprised if chaos and confusion are the final result.

Believe me, the existence of experts and specialists is one of the many calamities of modern age. A comprehensive and general outlook on life and its problems is becoming rare every day. Man has become a toy in the hands of one-eyed specialists of the different sciences and professions. If there is a physicist, he starts solving the riddle of the universe on the strength of physics alone. If one is obsessed by psychology, one seeks to build up a whole philosophy of life on the basis of his psychological observations and experiments. If a man's knowledge is confined to sexology, he announces straightaway that the whole of human life is rotating on the axis of sexual passions so much so that even the idea of God entered the human mind through this door. Similarly people who are engrossed in economics seek to convince mankind that the real problem of their life is the economic problem and all other problems are nothing but its off-shoots. As a matter of fact, all these problems should be considered together as a whole and each separate problem ought to be viewed as a special aspect of the single totality. All of them occupy a particular position in this whole and derive their importance from that position only. Man possesses a physical body which is subject to physical laws ; from this view-point man is the subject of physics. But he is not a mere physical body so that all his problems could be solved by physics alone He is a biological being as well, subject to biological law, and from this point of view he is the subject-matter of the science of the biology also. But then again he is not merely a biological animal and a complete system of laws for the regulation of life cannot be deduced from the science of biology or zoology. In order to sustain his life he needs food, clothes and shelter ; and viewed from his stand-point economics covers an important aspect of his life. But he is not merely a food, clothing, and shelter-seeking animal so that the whole philosophy of his life could

be founded on economics alone. For the preservation of species man has recourse to reproduction and there is therefore found in him a strong sexual tendency. Considered from this stand-point the science of sexology is also important for his life. But here again he is not wholly an instrument of reproduction to be examined merely with sexological glasses. Man is possessed of a mind furnished with the means of knowledge and cognition and charged with passions and desires. From this point of view psychology covers a large part of his being. But then again he is not mere mind for a complete scheme of his life to be deduced from the principles of psychology. Man is also a social being obliged by his very nature to mix with other human beings. From this point of view many aspects of his life fall under sociology. But his sociability is merely one of the qualities of his existence and it would be foolish if the science of sociology is relied upon to furnish a complete blue-print of his life. Man is an intellectual being whose nature demands the satisfaction of his reason as well. From this point of view rational sciences also satisfy one of his special requirements and demands. But, again, he is not solely an intellectual being and rational sciences alone can hardly furnish the full material for a complete plan of human life. Man is a moral and spiritual being too, exercising distinction between good and evil, and possessing an innate urge to reach out to realities beyond the comprehension of reason. From this point of view the moral and spiritual sciences satisfy another important demand of man's nature. But then, again, he is not all morals and spirit from top to bottom so that merely moral and spiritual sciences could suffice to guide him through life. Truly speaking, man is all these things taken together, while apart from them, there is a very important fact to be considered about him, namely, that with all his being and in all the different aspects of his life he is part of the vast and immense system of this universe. Viewed from this stand-point, the question as to what position he occupies in this universe and how he should work as a part of it assumes

the highest significance, for unless his position in the universe is correctly determined, no satisfactory code of life and conduct can be evolved for him. It also becomes necessary for man to determine the objects for which he should work and to decide whether those objects are consistent with his dignity and the position which he occupies in the universe. The last two questions are fundamental to human life. It is on the basis of these two fundamentals that a whole philosophy of life is evolved, and under the influence of that philosophy, all sciences which concern men and the world accumulate facts within their own respective spheres and on the basis of conclusions drawn from the facts a life programme is chalked out for the guidance of man.

It should be quite clear now that if you wish to understand any problem of your life, it is wrong to confine your attention microscopically to that particular problem alone or to look upon life as a whole with a preconceived bias in favour of that particular branch of life to which the problem is more nearly related. Rather for a correct understanding and true comprehension you shall have to look at it in its relationship with other problems with a clear idea as to the correct position it occupies in the complete whole and then proceed to examine the matter with an unprejudiced and impartial mind. Similarly, if you find anything wrong with the equilibrium and balance of life and desire to put it aright, it will be still more dangerous if you treat one of the problems of life as the whole problem and revolve the whole machinery of existence on that particular point. If you do this, you will merely upset the whole balance once again. The correct method of reform is to examine with an unbiased mind the whole scheme of life, from its basic philosophy right up to the details into which it branches off and then to locate the evil and discover its true nature.

So the main reason for the difficulty encountered in understanding and correctly solving the economic problem of man is that some people look at this problem from the point of view of economics alone; others exaggerate its importance and

declare it to be the whole problem of life; still others wish to build a complete philosophy of life and the whole system of morality, culture, and society on economic foundations only and in this manner they have reduced man's position in this world to that of a free grass-eater in a pasture, for if economics alone were to be the foundation of human life, then the idea for which man exists is no better than that for which a bullock exists, namely, to fatten himself merrily on the green grass. Likewise, if the economic stand-point predominates in the spheres of moral, spiritual, rational, sociological, psychological and other sciences, it will lead to a very great disequilibrium, because in these spheres of life, economics has no application whatsoever. Applied to these spheres economics will convert morality and spirituality into selfishness and materialism, transform the rational sciences into the culinary arts, infuse business motives and commercial ideas in social conduct and lead psychology to study man as merely an economic animal. Can there be a greater injustice to humanity?

The Real Economic Problem

If we look at the question in a plain, straightforward manner, avoiding terminological and professional complications we find the economic problem of man to be no more than this; with a view to sustain and advance human civilization how to arrange economic distribution so as to keep all men supplied of the necessities of existence and to see that every individual in society is provided with opportunities adequate to the development of his personality and the attainment of the highest possible perfection according to his capacity and the aptitude.

In the earlier times the economic problem was almost as simple for men as it is for animals. Infinite means of life were scattered on God's good earth. All that was needed to sustain the life of the human species was available in abundance. Every one went out to seek his portion and obtained it from these treasures. No one had to pay the price of his necessities nor was one man's portion in the grip of another. This holds

good even today as far as animals are concerned. But in ancient times almost similar conditions prevailed for mankind. One could just go out and secure one's natural food, either in the shape of fruits or by hunting animals. One could manage to cover one's body with natural products and form a shelter and refuge whenever he found a suitable place. But God did not mean to keep man in this condition for a long time. He had endowed him with an innate urge to seek out and substitute collective social life instead of the isolated individual life into which he was born and by his own labour to create for himself better means of life than those with which nature had furnished him. The natural desire for a permanent relationship between man and woman, the dependence of a human child for a longer period on the protection of his parents, the deep interest of man in his progeny and the affection between blood relations: these were the things which nature had ingrained in him to direct his efforts towards building a social life. Similarly, not being content with natural products but producing foodgrains for himself by tilling the land; not being satisfied with covering his body with leaves but producing cloth for himself by his own industry; not living in caves and dens but constructing houses for himself; not considering it sufficient to satisfy his needs with physical implements but inventing stone, iron, wooden and other implements; all these urges had been implanted in him by Providence and necessarily implied that he should gradually become civilised. Hence if man became social and civilised he did not commit any crime; rather this was the inherent demand of his nature and the deliberate purpose of his Creator.

With the advent of civilisation certain things were inevitable, *e.g.*

(1) that the necessities of human life should multiply and no single individual be able to secure all his necessities, some of which must be secured for him by others, while he himself should secure a part of the necessities of others;

(2) that the necessities of life should be exchanged and

gradually some medium of exchange should be evolved and established ;

(3) that the means of production for the necessities of life and means of transportation and communication should multiply and that man should take advantage of all the inventions which may come to his knowledge; and

(4) that man should have the satisfaction and assurance that the objects which he has secured by his own industry, the implements with which he works, the ground on which he has built his house, and the place where he carries his professional business, all these will remain in his possession, and after his death be transferred to those who may be nearer and dearer to him than others.

So the appearance of various trades and professions, the system of purchase and sales, the fixation of prices of commodities, the introduction of coins as a standard of price and a medium of exchange, international commerce and export and import business, the utilisation of all sorts of new means of production, and the evolution of the rights of property and succession ; all that was quite natural to man and there was nothing sinful in it of which he should repent. Besides this, with the development of social life it was also necessary :

(1) that owing to the disparity which nature itself has created in the potentialities and powers of different individuals, some individuals should be able to earn and produce more than they need and some should be able to secure only their bare necessities, while others even less than what they need ;

(2) that some individuals should be able to secure a better start in life in consequence of inherited wealth, and some should start their life with fewer means, while others should start their struggle in life without any means whatsoever ;

(3) that owing to the operation of natural causes there

should be found in every social aggregate men who are unfit to participate in the business of life ; for example, children, the aged, the sick and incapacitated persons; and

(4) that there should be certain individuals who offer themselves for employment and certain others who secure their services and by this means besides the development of free industry, trade, and agriculture, the relationships of employer and employee assume a social importance.

All these factors are, also, in their own way, the natural consequences and phenomena of man's social life, and their emergence too is by no means an evil which may call for suppression. Unable to trace the real source of the evils which flow from altogether different social causes, many people lose their levelheadness and start denouncing individual ownership, money, or machines or the natural inequalities of humanity, and sometimes civilisation itself. This is, however, in reality a case of wrong diagnosis and wrong remedy.

Any attempt to check the natural process of social evolution and to eliminate those essential aspects of social life which are the products of basic human nature is, certainly, devoid of all sense and, involves a greater possibility of loss than that which is tried to be offset. The real economic problem of man does not consist in finding out how to prevent the development of civilised social life or to interfere with the natural course of its advance and eliminate its essential aspects; the real problem is how, while keeping intact the natural evolution of social forces, to prevent social tyranny and injustice, to fulfil nature's demand that every creature should receive its portion, and to remove those obstacles which cause the faculties and powers of a large number of persons to be wasted away merely on account of lack of necessary means.

The Causes of Evils in the Economic System

We should now examine what are the real causes of the present economic evils and what is the nature of this evil.

Evil in the economic system begins when the natural selfishness of man exceeds the limits of moderation. It develops with the aid of certain other immoral habits and receives further support from an inherently defective political system, especially if the latter has no moral basis. After throwing the whole economic system out of gear, it poisons the entire social life in all its ramifications. I have explained that both individual ownership of property and the fact of some individuals being economically better placed than others were in accordance with the natural scheme of things and are no evils by themselves. No evil effect could arise from them if all the moral qualities of man had had the opportunity to assert themselves in their proper balance and true proportion and if externally a political system existed which would maintain justice at all costs, even if it came to the application of force. But what transformed these two things into positive evils is the fact that people who were in a better condition economically owing to the operation of natural causes fell a prey to selfishness, narrow-mindedness, jealousy, miserliness, greed, dishonesty and worship of the self. The devil put into their heads that the means of living which they had acquired in excess of their real needs and to which they had full proprietary rights, could be spent rightly and rationally in two ways, *viz.*, (1) in their own comfort, pleasure, recreation, embellishment and good living and (2) in acquiring further means of living and if possible in getting hold of the means of other people, thereby erecting themselves into veritable demi-gods. The first satanic idea resulted in the rich refusing to recognise the rights of those members of the community who were deprived of a share in the distribution of wealth or who obtained a share less than their real needs. The rich considered it perfectly correct to leave these people in starvation and destitution. Their narrowmindedness did not permit them to realise that such an attitude would breed professional criminals in human society, produce men steeped in ignorance and meanness, make them a prey to physical weakness and disease, and that

the physical and mental powers of these persons would be arrested in their development and prevent them from playing their part in the evolution of human culture and civilisation and this would injure and damage that society as a whole of which the rich themselves were a part. Not content with this, the wealthy folk multiplied their necessities of life very much over and above their real needs, and for the purpose of fulfilling the artificial and self-created requirements of their self-nature, they made many of those persons who could have served civilisation in their own way as subservient to their selfish personal ends. Hence for these rich people adultery became a necessity for which an army of prostitutes, go-betweens and disreputable agents had to be recruited. For them music was a regular need, to satisfy which another army had to be secured, of musicians, dancing girls, drum-beaters and manufacturers of musical instruments. For them it was necessary to have numerous unhealthy recreations for which purpose a large force of jesters, actresses, storytellers, photographers, painters and other useless professionals had to be raised. They also felt the need of hunting for the sake of which many people, instead of being put to some good work, were called upon to drive about animals in jungles. They also wanted pleasures of intoxication and forgetfulness, for which purpose a large number of men were engaged to prepare liquor, cocaine, opium, and other drugs and intoxicants. In short, these brothers of the devil did not stop merely at involving a large portion of society in moral, spiritual and physical degradation, but were cruel enough to divert big portion of humanity from proper and useful occupations, and force them to take up useless, mean and harmful jobs. Thus they misdirected the pace of civilisation and turned it into channels which were to lead mankind to destruction. And the matter did not end here. In addition to wasting all this human capital, they also misused the material wealth in their possession. They professed the need for palaces, big bungalows, gardens, recreation grounds, dance halls, etc., so that even after death the wretched fellows required for their rest whole acres of land and spacious tombs.

In this way the land, the building materials, and the human labour which could very well have provided the residential needs of other human beings, were utilised for the temporary resort and permanent residence of each single one of these pleasure-loving people. They considered it necessary to have jewellery and ornaments, fine dresses, high class crockery, cutlery and other utensils, means of ornamentation and decoration, high class means of riding, and God alone knows what other paraphernalia, so much so that even their doors were considered to be naked without costly curtains, and they could not suffer to keep the walls of their palaces bare of pictures costing hundreds and thousands of rupees. The floor of their rooms required to be covered with carpets costing thousands of rupees that even their dogs required golden collars and velvet cushions. In this manner a good deal of that raw material and much of that human labour which could have been used to cover the bodies and fill the bellies of thousands of human beings was devoted to the self-indulgence of one single individual.

Such was the result of one part of that satanic guidance. The result of the second part proved to be worse. In the first place, it is obviously wrong in principle that a person should be entitled to amass all the means of living over and above his real needs which he may have come to possess and continue to use them to secure further means. It is evident that the means of living which God has created on earth are meant for satisfying the real needs of mankind. If, therefore, by sheer good luck one finds himself possessing more of these means than his requirements justify, it only implies that a surplus which was really the portion of others has reached him. Why should he therefore hold it for himself? He should look around for people who are not fit to secure their portion of the means of living, or who have failed to secure them, or again who have received less than their needs, and he should realise that it is these fellows whose portion has come into his hands. As they could not secure it, it behoves him to transfer it to them. It

will be wrongful act if, instead of doing this, which is the proper thing to do, he starts using them for securing further means of living, for, in any case, the further means which he will secure will be much more than his real needs and requirements. Hence, in attempting to secure them, nothing is gained except the satisfaction of his greed and avarice. The portion of time, industry and ability which he spends in securing the means of living commensurate with the real needs of his life are doubtless well and truly spent, but to spend them in securing something over and above his real needs, implies that he is degrading himself into an economic animal, nay a wealth-producing machine, whereas there are better methods of spending his time and energy and exercising his mental and physical faculties in pursuits other than the acquisition of further wealth. Consequently, from the point of view of true reason and nature the very principle which the devil has inculcated among his pupils is inherently wrong. But, furthermore, the practical methods adopted on the basis of this principle are so accursed and their results so horrible that they cannot even be correctly assessed.

There are two methods of utilising the surplus to secure further means, *i.e.*

(1) that they should be lent on interest, and

(2) that they should be invested in commercial or industrial undertakings.

Although both these methods differ to some extent in their nature, the inevitable result of their combined action is the division of society into two classes: one, that small class which possesses means of living over and above its requirements and employs those means to grab further means of living; and the other, that large class which possesses means just according to its needs, or in a measure less than its needs, or does not possess them at all. The interests of these two classes not only clash against each other but inevitably lead to mutual struggle and strife. And thus the economic system of humanity which Providence had based and built on mutual

cooperation and exchange ends in internecine struggle and strife.

As this struggle develops the richer class steadily decreases in number while the poor class goes on increasing for the very nature of the struggle is such that a wealthy individual attracts by force of his wealth the means possessed by others less wealthy than himself, thereby throwing the latter down into the lower stratum. In this manner the means of life in the world are becoming gradually restricted and confined day by day to a less and less portion of the population, and the greater part of the population is slowly and steadily heading towards sheer poverty or absolute dependence on the rich. In the beginning the struggle starts on a small scale ; then the infection spreads by stages to all countries and nations so that even after bringing the whole world within its tentacles it still cries for more and more. Thus when it becomes a general practice in any country that those possessing wealth in excess of their needs should invest the surplus in profitable undertakings and in the production of the necessities of life, the investment can yield full profits only if the entire product of industry is purchased by the people of the country in which the surplus wealth has been invested. But, in practice, this does not happen, and in reality it cannot happen, because those who possess less wealth than their needs have consequently less purchasing power, and cannot purchase all the products in spite of their need for them. On the other hand, those who possess wealth in excess to their needs are anxious to set aside a portion of their incomes for further investment in profitable undertakings and therefore they do not spend all the money they can in purchasing consumer goods. This results perforce in a portion of the manufactured products being left unpurchased or, in other words, a portion of the investments of the rich people does not come back to them and lies at the debit of the country's industry as a loan. This constitutes one cycle only. You can imagine, however, that in every one of the numerous cycles of this nature the wealthy classes will go on using a part of their returned income in

further investment and in every cycle that proportion of their invested wealth which does not return into their hands goes on increasing, thereby multiplying the debts of the country's industry two fold and even thousandsfold, and even to an extent which that country can never be in a position to pay off. In this manner no alternative is left to the country to escape the danger of bankruptcy except exporting for sale to other countries goods which are left over and cannot be sold in that country. This is really too tantamount to seeking countries to which this misfortune of bankruptcy can be transferred. In this way the struggle transcends the barriers of a single country and steps into the international sphere.

It will now be evident that it is not just one country which is running its affairs on the basis of this satanic economic system; rather most of the countries of the world are in the same predicament: that is, they are compelled to save themselves from bankruptcy or, in other words, to transfer their bankruptcy to some other country. And this leads to international rivalry which takes the following forms:

(1) Every country, in offering its goods in the international market, tries to produce the greatest quantity at the minimum cost of production, and this involves the scaling down of wages of labour to the lowest possible limit, so that the portion of national wealth which comes into the hands of the labouring classes is further reduced and its income falls to a lever where even its bare needs are not satisfied.

(2) Every country places embargo on imports within its boundaries and spheres of influences, and tries to monopolise for itself the raw materials which lie within its territory so that other countries may not secure and take advantage of them. This results in international struggle which leads to war.

(3) These exploiting dacoits invade those countries which are unable to keep off this bankruptcy from being imposed upon them and not only do they try to sell

in those countries the surplus products of their own, but they try to invest their surplus capital for which they do not find any avenues of profitable investment in their own country. In this way, the same problem ultimately appears in those countries which had originally arisen in the countries of the investors; that is, the full amount of investment cannot be returned and a major portion of the income this from investment is again invested in some profitable business so that the burden of debts increases to such an extent that even if all these countries were sold off, the investment would not be recovered in full. It is evident that if this cycle is allowed to work in this manner, the whole world will ultimately lose its solvency, and no place will be left to which the blight of bankruptcy could be transferred. And in the end mankind will feel the need of seeking markets in Mars, Venus, and Jupiter for investing their wealth and selling their surplus goods. Thus, through this international exchange, a handful of bankers, brokers, and industrial and business magnates so completely gather in their clutches all the economic resources of the world that the whole of humanity is reduced to a state of dependence upon them. It has now become well-nigh impossible for any individual independently to undertake any work or business relying merely on his own physical and mental powers in order to secure for himself a portion of the means of living which exist on God's earth. No opportunity is left in these days for small industrialists and agriculturists to earn their livelihood freely. Everyone is compelled to accept the lot of slaves, servants and labourers of these financial princes and captains of industry. And they exploit all the physical and mental faculties as well as the whole time of other people giving them in return only a bare minimum of wages at the subsistence level.

> This accounts for the whole of humanity having been reduced to the lot of an economic animal. There are very few lucky individuals who can find the opportunity, in this economic struggle, to do something for their moral, intellectual and spiritual advancement or to give some attention to any object nobler and higher than the mere filling of the belly, or to develop those natural endowments with which God has gifted them for any higher end than the mere seeking of livelihood. In point of fact the economic struggle has become so serious and strenuous owing to this satanic system that all the other department of life have been affected by it and entirely put out of action.

It is still more unfortunate for humanity that moral philosophies, political systems, and legal principles of the world have also been infected by this devilish economic system. From east to west, everywhere, moral mentors are laying stress on economy. It is regarded as foolish and morally reprehensible to spend all that one earns, and every-one is told that he should save something out of his income and have his savings deposited in the bank or purchase an insurance policy or invest it in stocks and shares of joint-stock companies. This means that what is ruinous for humanity has become the standard of perfection and virtue in the eyes of the modern man. As for political power it has fallen in the hands of a satanic system which instead of saving mankind from this tyranny, has itself become the instrument of that tyranny; and a class of godless materialists are found sitting tight everywhere on the seats of power. The laws which govern the society are also being framed under the influence of this same system. These laws have given full freedom in practice to the struggle for individual economic interests against the interests of the community in general. The distinction between right and wrong, just and unjust, in the acquisition of the means of living has very nearly disappeared. Every method by which an individual can enrich himself whether by

robbing or ruining other people, is permissible in the eyes of the law. Wine may be brewed and sold; centres of immorality may be established; immoral films may be produced; obscene writings may be published; pictures for exciting passions may be advertised; speculation may become rife; institutions for earning interest and usury may be established; new methods of gambling may be invented; in short, anything one likes may be done, and not only will the law permit one to do so but it will even protect one's so-called rights. And then the law requires that the wealth which has by this means become concentrated in the hands of an individual should remain so concentrated even after his death; hence the law of primogeniture, the custom of adoption under certain laws, and the joint family system, the object of all of which is that on the death of one of the snakes which guard a treasure another snake should be placed over it, and if by ill luck the snake leaves no issue, one should be obtained from somewhere else so that the concentration of wealth is not disturbed!

These are the causes which have created the problem for humanity as to how means of living may be made accessible to every individual living on God's earth, and how opportunities may be provided to every one to advance in life according to his capacity and to develop his personality to the full.

The Solution Suggested by Communism

One method of solving the problem has been suggested by Communism and it is this: that the means of production should be taken out of the hands of individuals and transferred to the community for collective possession and that the community should also collectively undertake the distribution of wealth to every individual each according to his needs. *Prima facie* this solution appears to be very sensible, but the more one considers its practical aspect the more will one realise its defects until one will have to concede that, in the ultimate analysis, its results are as bad as the disease for which this cure has been offered. It is as clear as daylight that although, theoretically speaking, the arrangements for the utilisation of the means of

production and distribution of products are proposed to be entrusted to the whole community, in practice the task will, of necessity, have to be handed over to a small executive body. Even though this small body may, to start with, be elected by the community, later on when all the means of livelihood come into its hold and individuals are not able to secure their share except through its hands, the whole community will be left helpless in its grip. Nobody will be able to ignore its will and no organised power could rise in opposition to it and be able to remove it from its place of authority. If this body dislikes any one it will mean that the poor fellow will be deprived of all the means of living in the land, since all the means of livelihood will be in the hands of this small clique. Labour will be left without power to strike work, if it has a grievance against the management, for, under this system there will not be many factory-owners and capitalists to enable the labourer to resign from one place and take up employment with another rather in the whole country there will be only one factory-owner, only one capitalist, who will be the ruler of the country as well, and it will not be possible even to secure against him the help of any public opinion. This state of affairs will therefore have the following results; that after abolishing all the capitalists and after doing away with all the industrialists and landholders, one big capitalist, industrialist and landholder rolled into one giant, will be imposed on the people, and he will combine in himself the autocracy of a Czar with the absolutism of a Caesar.

In the first place such an absolute and all-pervading authority is so intoxicating in its nature that it is extremely difficult for any man to restrain himself from becoming a tyrant and autocrat, particularly so when he does not believe in God and in his accountability to Him. Nevertheless, even if it is assumed that this small body, on obtaining vast autocratic powers, will not overstep proper bounds and will work with justice and fairness, even then under such a system there can be no opportunity for individuals to develop their

personality. What human personality needs above everything else for its evolution and advancement is that it should have freedom, it should have some means at its disposal which it may use in accordance with its own discretion and its own will and choice and in so doing develop its hidden potentialities. But in the Communist system there is no possibility of this. Under this system all the means pass out of the hands of the individuals into those of the executive body of the community. This executive body utilises them according to its own conception of the interests of the community. The individuals have no alternative but to work according to the plans made by the executive body if they desire to take advantage of those means; indeed they have to surrender themselves body and soul to their administrators to be moulded for purposes of communal welfare accordingly to the plans of their masters. Thus all the individuals in a society become practically slaves of a few individuals, as if they were all soulless, raw materials to be shaped and moulded to their desires and plans exactly as shaped to suit the needs of a craftsman. Quite obviously human civilization and culture to lose a great deal under this arrangement. Even if it is presumed for argument's sake that the necessities of life will be distributed with fairness and justice under such a system, its advantages will be outweighed by the defects and deficiencies of the system. The development of culture and civilization depends wholly on this; that different people who are endowed with diverse faculties should have the opportunity to develop themselves and play their individual part in the combined communal life. But this cannot be secured through a system wherein wholesale planning of human beings is undertaken. A few individuals, however capable and well-intentioned, cannot be so omniscient as to be able to assess correctly the inherent and inborn faculties of millions of people and their natural inclinations and also be able to determine correctly the mode of their development. They will err both in estimating individual capabilities and in forming opinions about what really constitutes the true interest of their

society. But, in spite of it, they will try to enforce their plans and mould according to their blue-prints the whole mass of people under their influence. This individual diversity and the variety so necessary for civilization will give place to a soulless uniformity. The natural evolution of civilization will suffer a set-back and an artificial and spurious growth will commence. Human faculties will begin to shrivel and ultimately a great mental and moral degeneration will ensue. After all men are not like grass and vegetation to be pruned by a gardener and made to grow after a set pattern. Every man has his own personality with a natural urge to develop according to its inclinations. If you deny him this freedom he will not develop according as you desire but will either rebel against you or fade away in unnatural gloom.

The fundamental mistake of Communism lies in the fact that it treats the economic problem as the central problem and then tries to revolve the whole of human life round this axis. It lacks the true scientific attitude towards human problems. On the other hand, it looks at all problems with a deep economic bias. Metaphysics, history, sociology, in fine, everything within its sphere is influenced and overridden by the economic view-point and because of this one-sidedness the whole balance of life is upset. Thus it is clear that in reality the Communist theory presents no correct or natural solution of the economic problems of man. It offers a solution which is both unnatural and artificial.

The Fascist Solution

As against this, another solution has been put forward by Fascism and National-Socialism which is as follows: That while individual ownership of the means of production may be kept intact, such ownership should, in the interests of the community, be planned and controlled by the state. In practice, however, the results of this appear to be no way different from those of the Communist theory. Like Communism this theory also seeks to merge the individual in the community and leaves no opportunity for the free development of his personality.

Besides this, the nature of the state which exercises control over individual ownership is as totalitarian and authoritarian as that of the Communist state. It requires a very strong and concentrated authority to keep the industry of a large country under control and compel it to work according to the plans and blueprints made by the state. In a state which has such absolute coercive power in its hands it is inevitable that the population of the country will prostrate before it helplessly and become the slaves of the rules.

The Islamic Solution

I shall now explain how Islam seeks to solve this problem. In dealing with all problems of life, it is a fundamental point with Islam that natural laws and principles of life inherent in human nature should not be tampered with, and that whenever there is any refraction from the path of nature it should be redirected to the natural path. The second important principle on which Islam has based all its social reforms is this: that the introduction of a few external regulations in the social system should not be considered sufficient; on the other hand, a far greater stress should be laid on moral reformation and the creation of the right moral attitude among men so that the evil in the mind of man should be suppressed at its root. The third basic principle which you can trace in the whole of the Islamic system is that the authority and pressure of law and the coercive power of government should not be used except when it becomes inevitable to do so.

Keeping in view these principles, Islam recognizes all those natural principles on the economic side of life which have always formed the foundation of human economy, and it abolishes only those wrong principles, not by reliance on the state but through the maximum of moral instruction and a small measure of external force, which mankind follows when it falls a victim to satanic desires. The principle that man should be free to strive for its livelihood that he should retain the right of ownership over whatever he earns by his labour, and that disparity must exist between various men due to their

varying abilities and circumstances has been conceded by Islam to the extent to which it is in accordance with nature. It then seeks to qualify this principle and introduce certain restrictions on its actual practice with the object that it may not be misused and made a means of exploiting and oppressing the weaker sections of the society.

Let us first of all take the acquisition of wealth. Islam recognizes the right of man to seek the means of his livelihood on God's earth according to his capacity, ability, and natural endowments. But it does not concede him the right to adopt such means in the acquisition of wealth as would lead to his moral degradation or upset the social order. Islam sets up the distinction of *halal* (lawful) and *haram* (unlawful) in respect of the different means of earning and imposes the ban of illegality on all those methods which are morally injurious. For this purpose it has clearly specified those methods which it regards as injurious. Under the Islamic law wine and other intoxicants and drinks which spread evil and immorality are not only unlawful (*haram*) in themselves; even their manufacture, sale, purchase, and possession have been declared to be unlawful. Islam does not recognize adultery, music, dancing, and other similar things as lawful means of livelihood. It declares all such dealings as unlawful in which the gain of one individual is secured by the loss and injury of some other persons or of society as a whole. Bribery, stealing, gambling, speculation, business based on fraud and deceit, hoarding and holding back the necessaries of life with the object of raising the prices, monopoly of the means of production by one or several persons which narrows the field for others; all these methods have been declared unlawful. It has picked out carefully and branded as illegal all such forms of business as are by their nature capable of causing litigation, or in which the loss or gain depends on mere luck or accident, or wherein the mutual rights of the parties are not distinguishable. If you study in detail the Islamic laws of trade and industry you will see that the methods by which people become millionaires and multimillionaires in

modern time are mostly methods on which Islam has placed stringent legal restrictions. If business is carried on within these Islamic limitations there would be little chance for anyone to accumulate immense wealth.

While Islam recognizes the right of the individual to the possession of all that he may acquire by lawful means, it does not leave him entirely free in using the wealth so acquired. On the other hand it lays down restrictions on its use in different ways. It is obvious that there can be only three possible uses of the wealth which a man acquires. It can either be spent or invested to procure more wealth or may be hoarded. I shall explain here briefly the nature of restrictions which Islam has placed on each one of these uses.

All methods of spending which cause moral or social injury are forbidden. You cannot fritter away your wealth in gambling, you cannot drink wine, you cannot commit adultery, you cannot waste your money in music and dances or other means of self-indulgence. You are forbidden to wear silken dresses ; you are prohibited (except in the case of women) from using golden ornaments and jewels ; and you cannot decorate your house with pictures and statues. In short, Islam has closed all those outlets through which the greater portion of a man's wealth is spent on his own luxuries and indulgences. The items of expenditure which considers lawful are of such a type that a man may just be able to live a decent life of an average standard, and if any surplus is then left over, Islam suggests that it should be utilized in the service of virtue and righteousness in public welfare, and in rendering assistance to persons who have been unable to secure and receive their share according to their needs. According to Islam the best course to adopt is that one should spend all that he earns on his lawful and reasonable needs, and if any surplus accrues, hand it over to others so that they may satisfy their needs. Islam regards this quality as one of the highest standards of morality and has put it forward as an ideal with such force that a society influenced by Islamic ethics will always respect those who earn

and spend, much more than those who keep their wealth hoarded or who go on investing their surplus incomes in earning more. However, in spite of all this moral education and the exercise of moral pressure by a reformed society, it is not possible to get rid of individual tendencies towards greed and avarice. A good many persons will always remain who will like to invest their surplus wealth in earning further wealth over and above their needs. For this purpose Islam has placed some legal limitations on the use to which this surplus wealth can be put. It is strictly prohibited in Islamic law to lend these accumulated savings on interest. If you lend your money to any one it does not matter whether he borrows for his private needs or for business purposes, you are entitled to the return of the principal only, but not a pie more. In this way Islam breaks the very back-bone of aggressive capitalism and blunts the edge of the greatest instrument by means of which the capitalist tries to concentrate in his hands the economic resources of the community by relying on his money power. As regards the method of using the surplus wealth investment in one's own trade, industry, or business or providing capital to others and participating in the gains and losses of the joint undertaking, Islam considers it quite lawful and proper but seeks by other means to remedy the evils which flow from the accumulation of wealth in the hands of a few persons. First of all, Islam does not permit the hoarding of this accumulated wealth. As I have just mentioned, it demands that whatever wealth you have must either be utilized in the purchase of your own necessities or handed over to others so that they may satisfy their needs, and thus the whole of the common wealth may be kept constantly in circulation. But if you do not do so and insist on its accumulation, then two and a half per cent per annum will be taken out of this accumulation by force of law and spent on giving assistance to such persons as are not fit to take part in the economic struggle or have not in spite of their struggle been able to secure their full share. This is called "Zakat" and the administrative machinery proposed by Islam

for this taxation is the joint exchequer of the community in which "Zakat" is collected and then redistributed among those sections of the community which need and deserve help. This is in fact the best form of insurance for the society and destroys all the evils which arise from the absence of any regular arrangement for collective help and co-operation. What really forces a man, in the capitalistic system, to accumulate wealth and invest it in profitable business and bring into existence institutions like the life insurance, is that under this system every one's life is wholly dependent on his own means. If one has not laid by anything for his old age one may face starvation in his old age ; If he dies without leaving any inheritance for his progeny, they will be driven from door to door without being able to secure a bit of bread ; if he falls sick and has nothing in store he may not be able even to secure medical treatment for himself ; if his house is burnt or he sustains loss in business or some other sudden calamity befalls him he cannot find any support anywhere. Similarly what forces the labouring classes under a capitalistic system to accept any terms of employment offered by the capitalist and become his slaves is this very thing : *i.e.*, the fear that if the labourer does not accept the remuneration which the capitalist is prepared to offer for his toil and sweat, destitution will stare him in the face and he will not be able to hold off starvation for a single day. Moreover, it is only due to this system that the spectacle is witnessed the greatest curse that has afflicted the world by the 'grace' of this capitalistic system—that while on one side millions of hungry mouths are to be fed, on the other side there are large stock of agricultural produce and manufactured articles which cannot find any market, with the result that lakhs of tons of grain is thrown into the sea instead of feeding the hungry. The reason for this also lies in the fact that no social arrangement exists for providing means of livelihood to the needy and the destitute. If these people are provided with purchasing power and enabled to buy commodities according to their needs, trade, industry and agriculture, in short every

branch of economic activity will expand and flourish. Islam roots out all these evils through the institution of "Zakat" and the agency of the public exchequer for its collection and distribution. The public exchequer is always available to you as a helper. You need not take thought for the morrow. Whenever you are in need you can go to the public exchequer and obtain your rightful due. There is no necessity of keeping deposits in banks and of having insurance policies. You can leave this world without any anxiety for the future of your children, the exchequer of the community will be responsible for them afterwards. It is a constant and permanent helper to which you can have recourse in times of disease, old age, calamities due to earthly or heavenly causes, and under any other similar circumstances. The capitalist cannot then compel you to accept a job on his own terms and conditions. There is no risk of starvation, nakedness or lack of shelter for you in the presence of the public exchequer. Then again, it should be noted that this social agency enables, all those sections of the population who cannot earn or who earn much less than they require, to purchase commodities necessary for their life. Thus a proper balance between production and consumption is permanently maintained and the necessity does not arise for a people to go on imposing their bankruptcy upon other peoples and after exhausting all victims in this world to seek them in the other planets.

Besides the "Zakat", another plan which Islam has adopted for diffusing the wealth concentrated in one place is its law of inheritance. All other laws, except that of Islam tend to prepetuate the concentration of wealth even after the death of the person who had accumulated it during his lifetime. Islam on the contrary, adopts the method that the wealth which a person has been confining in his hands by gradual accumulation from all sides should be distributed immediately on his death. Under the Islamic law sons, daughters, father, mother, wife, brothers, sisters, all succeed to a person's inheritance which must be appointed among all of them according to a regular

code. If near relations do not exist, a search will have to be made for distant ones and this wealth be distributed among them. If no relative, near or distant, is forthcoming even then a man is not entitled to resort to adoption of any heirs himself. In that even the whole community will succeed him and so all his accumulated wealth will be deposited in the public exchequer. In this manner even if a man may concentrate millions and billions of money it will all be dispersed after his death in small portions within two or three generations, and every such accumulation will be turned gradually into circulation according to a regular legal procedure.

Consider this economic system of which I have presented a brief plan to you. Does it not remove all those evils of individual ownership which result from the wrong guidance of the devil? There remains no necessity at all for adopting the Communist or Fascist or National-Socialist ideologies, and using those artificial methods of economic management which do not remove the evil but replace it with another. I have not here explained the complete economic system of Islam. It is difficult to explain within the compass of this brief discourse, all the methods that can be adopted in accordance with the Islamic principles for the management of land, the settlement of trade disputes, and the raising of capital for all of which complete provision has been made in the Islamic law. I have not even been able to mention how Islam has, by removing all tariff restrictions levied on exports and imports, and by abolishing octrois, cesses and tolls on the movement of commodities opened the door absolutely for free trade. Nor have I had the opportunity of mentioning that by reducing to the minimum possible extent the expenditure on the administrative machinery, on the civil services and the army, and by abolishing altogether the stamp duty on judicial proceedings, Islam has lightened a very great economic burden from society, and provided opportunities for spending the taxes for the good of society instead of allowing them to be absorbed in the unbounded expenses of the administration. By this means the economic

system of Islam becomes a great blessing for humanity. Studied with an unbiased mind free from those prejudices against Islam which have been inherited as an evil legacy from past history and unawed by the blaze of modern social system, I hope and trust that this Islamic system will satisfy every reasonable and truth-seeking person as the most useful, correct and rational one for the economic welfare of humanity. But if anyone thinks it feasible that this economic system can be successfully implemented even if divorced from the complete whole of the ideological, moral and cultural system of Islam, I will humbly request him to get rid of this misunderstanding. This economic system has a deep relationship with the political, judicial, cultural and social system of Islam. And all these branches are fundamentally based on the moral system of Islam. Then again this moral system does not stand by itself but is wholly dependent on your belief in an All-Powerful and All-Knowing God and your sense of responsibility to Him, in the conception of an after-life when all your actions will be judged by God, in the belief that man will be punished or rewarded according to His Judgement; and in the acceptance of the fact that the code of law and morality which Muhammad (peace be upon him), the Messenger of God, has placed before you as from God (of which this economic system is only a part) is really based on Divine guidance in all its details. If you do not accept this creed, this moral system and the whole of this code of life completely as it is, the economic system of Islam, divorced from its source, cannot be maintained or administered in its purity even for a single day, nor will any appreciable advantage accrue from it if you take it out of its wider context and then seek to apply it to your life.

Economic Precepts of the Quran

1. Basic Facts

One basic fact regarding Social Economy upon which the Holy Quran repeatedly lays stress is that all the means and resources through which man earns his livelihood are Divinely created.

It is Allah Who created those resources and means in such form and on such natural principles that they lend themselves to human use; and it is He alone Who afforded man the opportunity to benefit from them and granted him the right to exploit them.

"It is He Who has made the Earth manageable for you. So traverse ye through its tracts. And enjoy of the Sustenance which He furnishes. And unto Him is the Resurrection."

(Al-Mulk : 15)

"And it is He Who spread the Earth and set the mountains on it, caused the rivers to flow in it and created two varieties in every specie of fruit."

(Ar-Raad : 3)

"It is He Who created for you everything that is in the Earth.

(Al-Baqareh : 29)

"It is Allah Who created Heavens and Earth and poured water from the sky and through this means created fruits for your sustenance; and gave you control over the boat which sails in the sea by His leave; and gave you control over the rivers; and set the sun and the moon on a regular course for your sake so that they constantly move around their orbit; and sub-

jected the night and day to a fixed law for your sake ; and gave you, everything that you asked for.* Should you count the blessings of Allah, you could never number them all."

[Ibrahim : 32-34]

"We gave you authority in the earth and provided resources in it for your livelihood". (Al-Ā'raf : 10)

"Do you ever reflect ; Are the crops which you sow raised by you or it is We Who raise them". [Al-Wāqi'ah : 63-64].

2. Determination of Right and Wrong is the Prerogative of Allah.

It is on the basis of this Truth that the Holy Quran enunciates the rule that man has neither the right to unrestricted possession and use of the economic means, nor is he authorised to frame legislation determining the right and wrong in this matter. It is the Prerogative of Allah to make the law for the ownership and exploitation of economic means. The Quran castigates an ancient nation of Arabia. the Medians, because they believed in the unbridled right of a man to earn and expend wealth.

They said : "Oh Shu'aib ! Does thy (religion of) prayer command thee that we leave off the worship which our fathers practised, or that we leave off doing what we like with our property ?" (Hūd : 87)

The Holy Quran declares it "Foul" that man should himself determine what is right and what is wrong.

"And do not issue false decrees that this is right and that is wrong."** (An-Nahl : 116)

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* That is, everything you needed and your situation required irrespective of whether you solicited it with your tongue or not."

[Baidawi, Anwar-ul-Tanzil, Vol. 3, p. 161 ; Mustafa al-Babi Egypt. [1330 H/1912 A. D.]

** "This āyah vehemently forbids that people should decide what is right and what is wrong according to their own views and desires."

(Baidawi Vol. 3, p. 193).

"The substance of this āyat is, as Askari puts it, that if Allah's and His Prophet's order regarding the, right or wrong of a matter does not reach

The Quran reserves this right for Allah and, for His Apostle (peace be on him) as His deputy.

"For he (the Apostle) commands them what is just and forbids them what is evil: he allows them what is good (and pure) and prohibits them from what is bad (and impure). He releases them from their heavy burdens from the yokes that are upon them."

(Al-Ā'raf : 157)

3. **Affirmation of Individual Ownership of Property within the bounds fixed by Allah.**

Under the supreme ownership of Allah and within the bounds fixed by Him, the Holy Quran sanctions individual ownership of property.

"Do not devour one another's property by foul means, (instead of it) do business with mutual consent."

(Al-Nisa : 29).

"Allah has made trade lawful and interest unlawful".

(Al-Baqarah : 275)

And if ye repent (from taking interest) then you have the right to your principal". (Al-Baqarah : 279).

"When ye contract a debt for a fixed term, record it in writing." (Al-Baqarah : 282).

"If you be in journey and cannot find a scribe, then a pledge in hand (suffices)." (Al-Baqarah : 283)

"Unto the men (of a family) belongeth a share of that which parents and near kindred leave, and unto the women a share of that which parents and near kindred leave." (An-Nisa : 7)

"Ye who believe, Enter not houses other than your own without permission." (An-Nur : 27)

"Have they not seen how We have created for them our handiwork the cattle, so that they are their owners."

(Ya-Sin : 71)

you, you should not determine its right or wrong by yourself, otherwise you will be guilty of ascribing falsehood to Allah, for the right or wrong has no other foundation save the order of Allah."

(Ālusi, Rooh-ul-Ma'āni, Vol. 14, p. 226, Idara al-Tabaat-al Munirie, Egypt 1345 H.).

"As for the thief both male and female, cut off their hands. An exemplary punishment from Allah. Allah is Mighty, Wise." (Al-Maidah : 38)

"And pay the due thereof upon the harvest day, and be not prodigal." (Al-An'am : 141)

"Exact alms of their wealth." (At-Tauba : 103)

"Give unto orphans their wealth, ...nor absorb their wealth into your own wealth." (An-Nisa : 2)

"Unto you are lawful all beyond those mentioned, so that ye seek them with your wealth in honest wedlock not debauchery." (An-Nisa : 24)

"And give unto the women (whom ye marry) willingly their marriage portions." (An-Nisa : 4)

"And if ye wish to exchange one wife for another and ye have given unto one of them a sum of money (however great), take nothing from it." (An-Nisa : 25)

"The likeness of those who spend their wealth in Allah's way is as the likeness of a grain which groweth seven ears, in every ear a hundred grains." (Al-Baqarah : 261)

"You should strive for the cause of Allah with your wealth and your lives." (As-Saf : 11)

"And in their wealth the beggar and the outcast had due share." (Adh. Dhariat : 19)

"All orders and injunctions reproduced above presuppose the existence of private property. The Holy Quran essentially presents a system of economy which in all its aspects is built on the proprietary right of individuals. It does not contain even a faint trace of the concept which sets up distinction between consumer goods and means of production and limits individual ownership to the former while assigning the latter exclusively to public control.

Likewise no distinction between earned income and unearned income is apparent in the Islamic doctrine. For example, it is clear that the inheritance gained by a person from his parents, issue, wife, husband or brother and sister does not fall under the head of earned income, nor is Zakat the earned in-

come of the beneficiary. Moreover, in this economic scheme there is no notion of an interim stage, leading to some final goal where private property shall give place to complete nationalization. Had this been the real object of the Quran it would have explained it in unambiguous terms and would have provided laws and injunctions on the subject. The fact that at one place the Quran states :

"The earth belongs to Allah" (Al-Ā'rāf : 128)

is not sufficient ground for the theory that the Quran abolishes private ownership of land and sanctions its nationalization. The Holy Quran also states :

"All that is in the sky and in the earth belongs to Allah". (Al-Baqarah : 284)

It cannot be inferred from this that individuals are debarred from owning anything on the land or in the sky, nor can it be deduced from the text that all things in the earth and sky should be national property. If the Divine ownership excludes human ownership then it abolishes the right of both individuals and nations to own anything. Similarly it is incorrect to argue from āyat 10 of Ha Mim As-Sajda that "the Quran envisages equal distribution of the earths' resources of food among human beings and this equality cannot be established without nationalization of these resources. Hence the intention of the Quran is to enforce socialism."

Supposing we accept the interpretation of the ayat as "Allah placed in proportion in four days the resources of food in the earth, for all the needy, in equal measure."* Even then it would be wrong to think that 'needy' refers only to

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* This is not an accurate translation in itself. The actual words are : في اربعة ايام سواء للسائلين Zamakahshri, Baidawi, Rāzi, Alusi and other commentators take the word "سواء" to be connected with "ايام" and give this interpretation "Allah did this work in full four days".

The commentators who hold that سواء is related to للسائلين understand it to mean "Provided for all the needy" or "According to the demand of all the needy". For further explanation refer to Tafhim-ul-Quran, Vol. 4, commentary on sura Ha Mim as-Sajda footnote 12.

human beings. The needy necessarily includes besides human beings, all other kinds of living creatures also, whose resources of food have been placed by Allah in this same earth. If according to this ayah the share of all the 'needy' ones is equal, then there is no ground for confining the right of equality to the human species alone. Similarly, it cannot be argued from those ayahs of the Quran which stress the need for provision of food to the poor classes of society that the Quran intends to establish a socialist order to achieve this purpose. Wherever the Quran mentions this need, it essentially lays down just one scheme for fulfilling it, which is, that members of the affluent class should liberally spend their wealth on their poor relations, the orphans, and the destitute and other deprived or indigent people in the society with the sole object of winning the favour of Allah. In addition to this the state also is charged with the duty of collecting a fixed portion of the wealth of affluent members of the society and spending it on the financially depressed citizens. Apart from this practical scheme, there is absolutely no trace of any other plan for achieving this purpose in the Quran. There is no doubt that no injunction of the Quran obstructs the nationalization of a particular sector of the economy whenever the need for such an action arises. But a total ban on private property and the adoption of socialism as a doctrine and system of life is inconsistent with the economic scheme of the Quran. Moreover according to the political system envisaged by Quran no single party or group has the authority to decide that a sector of economy should be transferred from private to public control. The decision for such a move lies with a consultative body whose members have been elected by a free vote of the people.*

4. The Un-natural Doctrine of Economic Equality.

The fact that like other natural things there is no equality among human beings as regards the provision of food and other means of livelihood is presented by the Quran as just another

* For details of the Political System prescribed by the Quran, refer to my work "Khilafat-O-Mulookiat", Chapter I.

aspect of the Divine Order. Leaving aside the artificial disparities established by various social systems, so far as the natural inequality is concerned, the Quran regards it as the result of Divine Will and Dispensation and there is no evidence in the entire scheme of the Quran that it intends to eliminate natural inequality and establish an order wherein everyone should receive an equal share of the economic means.

"He it is Who hath placed you as viceroys of the earth and hath exalted some of you in rank above others, that He might try you by that which He hath given you."

(Al-An'ām : 165)

"See how We prefer one above another, and verily the Hereafter will be greater in degrees and greater in preferment." (Bani Israil : 21)

"Is it they who apportion thy Lord's mercy ? We have apportioned among them their livelihood in worldly life, and raised some of them above others in rank that some of them may take labour from others ; and the mercy of thy Lord is better than (the wealth) that they amass."* (Al-Zukhruf : 32)

"Lo' thy Lord enlargeth the provision for whom He will and straiteneth (it for whom He will). Lo, He was ever Knower, Seer of His slaves." (Bani Israel : 30)

"His are the keys of the heavens and earth. He enlargeth providence for whom He will and straitenth (it for whom He will) Lo, He is knower of all things." (Al-Shura : 12)

"Say : Lo, my Lord enlargeth the provision for whom He will of His bondman and narroweth (it) for him."

(Al-Saba : 39)

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* This has been stated in the context of an objection raised by the Holy Prophet's enemies that had Allah wished to raise a Prophet, He would have elected one of the Chiefs of Mecca or Taif to this Office. What possible reason could He have for appointing Muhammad (peace be on him) as His apostle ?

The Holy Quran enjoins that mankind should calmly accept this natural inequality and none should envy the advantage granted to another by Allah.

"And covet not the thing in which Allah hath made some of you excel others. Unto men is a fortune from that which they have earned and unto women a fortune from that which they have earned. Ask Allah of his bounty. Lo, Allah is ever Knower of all things". (An-Nisa : 32)

The two ayahs from which a section of people are trying to derive the conclusion that the Quran wants absolute economic equality among human beings are as follows :

"And Allah hath favoured some of you above others in provision. Now those who are more favoured will by no means hand over their provision to those (slaves) whom their right hands possess, so that they may be equal with them in respect thereof. Is it then the grace of Allah that they deny ?". (An-Nahl : 71)

"He coineth for you a similitude of yourselves. Have ye, from among those whom your right hands possess, partners in the wealth We have bestowed upon you, equal with you thereof, so that ye fear them as ye fear each other (That ye ascribe unto Us partners out of that which We created ?). Thus We display the revelations for people who have sense".

(Ar-Roum : 28)

But the words of these two ayahs clearly show, and the context in which they have been revealed also makes it plain that herein in fact no exhortation has been made to eradicate economic inequality as a foul thing and establish in its stead a system of economic egalitarianism. On the other hand these ayahs present the fact of economic inequality among human beings as an argument against Polytheism, which is that since you are not prepared to admit your slaves as equal sharers of your wealth, how preposterous is your notion that any of His

creatures can share in His Divinity ?*

5. Moderation and Observance of Limits Instead of Asceticism.

The Holy Quran also repeatedly emphasizes the fact that Allah has created His bounties in the world with the sole purpose that His creatures should enjoy them. It certainly is not the will of Allah, nor can it be, that man should renounce the use of these bounties and turn to asceticism. What He actually enjoins is that distinction should be observed between Good and Evil, the unlawful practices and those that are lawful ; and that enjoyment and use should be confined to the category of lawful and pure things and even in this the bounds of moderation should not be exceeded :

"He is Who created for you all that is in the Earth".

(Al-Baqarah ; 29)

"Say : Who hath forbidden the adornment of Allah which He hath brought forth for His bondmen, and the good things of His Providing ?"

(Al-A'raaf : 32)

"And eat of those things that Allah has blessed you with, lawful and pure, and avoid earning the wrath of His in Whom you have put your faith".

(Al-Maidah : 88)

"O Mankind, Eat of that which is lawful and wholesome in the world and follow not in the footsteps of the devil. Lo, he is an open enemy for you".

(Al-Baqrah : 168)

"And eat and drink, but be not prodigal. Lo, He loveth not the prodigals".

(Al-A'raaf : 31)

"But monasticism they invented-We ordained it not for them but only seeking Allah's pleasure and they observed it not with right observance".

(Al-Hadeed : 27)

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* This point becomes perfectly clear after reading ayahs 71 to 76 of Sura An-Nahl (The Bee) and ayahs 20 to 35 of Sura Ar-Roum (The Romans). The real theme of both texts is the refutation of shirk (setting up partners with Allah, Polytheism) and affirmation of Allah's unity. For a detailed commentary on both texts see "Tafhim-ul-Quran", vol. II, p. 558 and Vol. III, pp. 742 to 756.

6. Distinction Between Lawful and Unlawful Means of Earning Wealth.

The Holy Quran lays down the rule that wealth should be obtained through lawful means only and unlawful means should be avoided.

"O ye who believe ! Squander not your wealth among yourselves in vanity, except it be a trade* by mutual consent. And kill not one another. Lo ! Allah is ever Merciful unto you." (An-Nisa : 29)

7. Unlawful Means of Securing Wealth.

A detailed description of the unlawful means of obtaining wealth has been given by the Holy Prophet (peace be upon him) in the traditions and by the jurists in the books on Islamic Law. Some of these means which have been specified in the Quran are as follows :—

"And eat not up your property among yourselves in vanity, not seek by it to gain the hearing of the judges that ye may knowingly devour a portion of the property of others wrongfully."* (Al-Baqarah : 188)

"And if one of you entrusteth to another, let him who is trusted deliver up that which is entrusted to him (according to the pact between them) and let him observe his duty to Allah his Lord." (Al-Baqarah : 283)

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* The term 'trade' denotes exchange of goods and services for money. (See Al-Jassas, Ahkam-ul-Quran, Vol. II, p. 210—Matbaat-al-Bahia, Egypt 1347 H. Ibn-al-Arabi, Ahkam-ul-Quran, Vol. I, p. 170, Matbaat-al-Sa'ada, Egypt 1331 H. The condition of mutual agreement itself implies that exchange should not take place under any form of duress, nor should it involve fraud or pretence which if it were known to the other party would not secure its agreement.

* The phrase "To gain the hearing of the judges" implies starting a law-suit wrongfully claiming the property of another as well as corrupting the authority in order to gain illegal possession of another's property.

(Ālusi, Rūh-ul-Maani, Vol. 2, p. 6).

"Whoso deceiveth will bring his deceit with him on the day of Resurrection. Then every soul will be paid in full what it hath earned."
(Āli-'Imran : 161)

"As for the thief, both male and female, cut off their hands. It is the reward of their own deeds, an exemplary punishment from Allah. Allah is Mighty, Wise." (Al-Maidah : 38)

"The only reward of those who make war upon Allah and His Messenger and strive after corruption in the land* will be that they will be killed or crucified". (Al-Maida : 33)

"Lo ! those who devour the wealth of orphans wrongfully, they do but swallow fire into their bellies, and they will be exposed to burning flame."
(An-Nisa : 10)

"1. Woe unto the defrauders :

2. Those who, when they take the measure from mankind, demand it full.

3. But if they measure unto them or weigh for them, they cause them loss."
(Al-Mutaffifeen : 1—3)

"Lo ! those who love that slander should be spread concerning those who believe, to them will be a painful punishment in the world and the Hereafter."
(An Nur : 19)

"And of mankind is he who payeth for mere pastime of discourse that he may mislead from Allah's way without knowledge, and making it the butt of mockery. For such there is a shameful doom.**"
(Luqman : 4)

* "The reference is to robbers and brigands".

(Al-Jassas. Vol. 2, p. 494).

** The term "pastime of discourse" in this ayah includes singing, music and all other indecent amusements which lead astray from the way of Allah. (Ibn-I-Jarir, Jamia-ul-Bayan Fi Tafsir il Quran, Vol. 21, pp. 39-41, Matbah-al-Ameeria, Egypt, 1328 H.)

"Force not your slave-girls to whoredom, if they would preserve their chastity, that ye may seek enjoyment of the world."[1]

(An-Nur : 33)

"And come not near to adultery. Lo ! it is an abomination and an evil way."

(Bani Israil : 32)

"The adulterer and the adulteress, scourge ye each one of them (with a hundred stripes)".[2]

(Al-Nur : 2)

"O ye who believe ! liquor, gambling, casting lots before idols or by discharging arrows or by dice, are foul devilish acts-avoid them."[3]

(Al-Maidah : 90)

"Allah permitteth trading and forbiddeth usury.[4]

(Al-Baqarah : 275)

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1. The real objective of this ayah is to eliminate prostitution. Slave-girls are especially mentioned because among ancient Arabs, the business of prostitution depended entirely on slave-women. Masters used to set their young and beautiful slave-girls in business as prostitutes and lived on their earnings. (Ibn-i-Jarir, Vol. 18, pp. 55-58-103, 104. Ibn-i-Kathir, Tafsir-al-Quran al Azim, Vol. 3, pp. 89-288. Matbah Mustafa Mohammad, Egypt, 1947. Ibn-i-Abdul Bar, Al-Isteab, Vol. 2, p. 762, Dairatul-Maarif, Hyderabad, 1337 H.

2. Alongwith forbidding adultery as a sin the income derived from adultery was also declared unlawful by Islam and the Holy Prophet (peace and blessings of Allah be on him) pronounced it as the foulest means of income."

—Bukhari Book 34, Chapter 113/also Book 37, Chapter 20/Book 68, Chapter 50/Book 76 Chapter 46/Book 77, Chapter 96/Muslim, Book 22 Hadith No. 39—41. Abu Dawud, Book 22, Chapter 39—63.

Tirmidhi, Book 9, Chapter 37, Book 12, Chapter 46, Book 26, Chapter 23, Nasai, Book 42, Chapter 5, Book 44, Chapter 90, Ibn-e-Maja, Book 12, Chapter 9).

3. The manufacture and exchange of all things forbidden by the Quran is unlawful, for prohibition implies that no benefit should be derived from them in any way." (Al-Jassas, Vol. 2, p. 212).

4. This shows that in the case of a business deal, the profit earned by an individual on his capital or in the case of joint stock company, the dividend received by a shareholder in proportion to his investment is lawful. But in the case of a loan, anything in excess of the principal amount received by the lender from the debtor is unlawful, because unlike the profit earned in trade, Allah does not hold it as lawful dividend.

O ye who believe! observe your duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. And if ye do not, then be warned of war (against you) from Allah and His messenger. And if ye repent, then ye have your principal (without interest). Wrong not, and ye shall not be wronged. And if the debtor is in straitened circumstances, then (let there be) postponement to (the time of) ease; and that ye remit the debt as almsgiving would be better for you if ye did but know. (Al-Baqarah: 278-280)

Thus those means of gaining wealth which the Holy Quran declares unlawful are briefly as follows:—

1. Taking property or goods without the consent of the owner and without payment, or taking with payment or without payment but with consent in such a manner that the consent is secured under duress or fraud.
2. Bribery.
3. Forcible occupation.
4. Embezzlement of private or public wealth.
5. Larceny and robbery.
6. Expropriation of wealth belonging to an orphan.
7. Spurious weights and measures.
8. Business promoting licentiousness.
9. The vocation of singing and dancing.
10. Prostitution and income from adultery.
11. Manufacture, sale and transportation of liquor.
12. Gambling and all such practices in which wealth passes from one to another just by luck or chance.
13. Sculpture and sale of idols and services rendered to temples of idol-worship.
14. Fortune-telling and drawing lots.
15. Usury, irrespective of low or high rate and regardless of whether interest is charged on loans advanced for

private use or for commercial, industrial or agricultural enterprise.*

8. Prohibition of Avarice and Hoarding of Wealth.

Alongwith proscribing evil means of securing wealth the Holy Quran strongly disapproves of the hoarding of even lawfully earned wealth and teaches us that avarice is a great evil.

I. Woe unto every slandering traducer,
II. Who hath gathered wealth (of this world) and layeth it by.
III. He thinketh that his wealth will render him immortal.
IV. Nay, but verily he will be flung to the consuming one.

(Al-Humazah : 1-4)

"They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom."

(At-Tauba : 34)

"And whoso is saved from his own greed, such are the successful".

(At-Taghābun : 16)

"And let not those who hoard up that which Allah, hath bestowed upon them of His bounty think that it is better for them. Nay, it is worse for them. That which they hoard will be their collar on the Day of Resurrection".** (Al-Imrān : 180)

* It is self-evident from the text of this ayah that this Ordinance relates to debt, and that in any deal involving a loan if the creditor sets a condition that he will receive from the debtor something in excess of the principal amount, it will be a case of usury (Riba). The question whether the rate of interest is high or low is immaterial in this case, nor is the question of the need of the debtor relevant. Today, a section of people try to confine the ban on usury to those loans only which a person takes for private needs. They exempt the interest charged on commercial credits or Bank loans from the prohibition on usury. Their assertions are baseless for they are supported neither by the Quran, nor Hadith, nor Fiqh.

** This subject has been frequently mentioned in the Holy Quran in various forms. See for instance Sura Muhammad, ayah 38, Al Hadeed, ayah 24, Al-Ankabut, ayat 34, al-Maarij, ayah 21, al-Muddathir, ayah 45 al-Fajr, ayahs 15 to 20, al-Lail, ayah 11, al-Ma'oon ayahs 1, 2, 3, 4.

9. **Condemnation of Materialism and Greed.**

At the same time the Holy Quran also reveals that materialism, greed and craze for worldly wealth and pride and haughtiness of riches lead man astray and are among the chief causes of his ultimate ruin.

"(i) Rivalry in worldly increase distracteth you.

(ii) Until ye come to the graves.

(iii) Nay, but ye will come to know!" (At-Takathur : 1—3)

"And how many a community have we destroyed that was thankless for its means of livelihood! And yonder are their dwellings which have not been inhabited after them save a little. And We were the inheritors." (Al-Qasas : 58)

"And We sent not unto any township a warner, but its pampered ones declared: Lo! we are disbelievers in that wherewith ye have been sent. And they say: we are more (than you) in wealth and children. We are not the punished!" (Saba : 34-35)

10. **Condemnation of Extravagance.**

On the other hand the Holy Quran severely condemns a man who spends his lawfully earned wealth in unlawful pursuits or spends it exclusively for securing luxury, pleasure and comfort for himself and has no other use for his money but to raise his private standard of living to the optimum level.

"......And be not prodigals. Lo! Allah loveth not the prodigals." (Al-An'ām : 141)

"Give the kinsman his due, and the needy and the wayfarer, and squander not (wealth) in wantonness. Lo! the squanderers were brethren of the devils, and the devil was ever an ingrate to his Lord." (Bani Israel : 26-27)

"......and eat and drink, but be not prodigal. Lo!

He loveth not the prodigals." (Al-A'rāf : 31)

In the view of the Quran the correct behaviour for man is

to spend at a moderate rate on himself and members of his family. He and his family have a right on his wealth and he should never be stingy in discharging this right. But then this is not the only right in the discharge of which he should spend all his resources and neglect the fulfilment of other rights.

"And let not thy hand be chained to thy neck nor open it to a full extent, lest thou sit down rebuked, denounced."

(Bani-Israil : 29)

"And those who, when they spend, are neither prodigal nor grudging : and there is ever a firm station between the two."

(Al-Furqan : 67)

"But seek the abode of the Hereafter in that which Allah hath given thee and neglect not the portion of the world, and be thou kind even as Allah hath been kind to thee, and seek not corruption in the earth. Lo ! Allah loveth not corrupters."

(Al-Qasas : 77)

11. Lawful Ways of Spending Wealth.

Out of the lawfully earned wealth, the surplus that remains after reasonable expenses on private needs should be spent in the following ways :

"And they ask thee what they ought to spend. Say : that which is superfluous." (Al-Baqarah : 219)

"It is not righteousness that ye turn your faces to East and the West ; but righteous is he who believeth in Allah and the Last Day and the angels and the scripture and the Prophets ; and giveth wealth, for love of Him, to kinsfolk and to orphans and the needy and the wayfarer and to those who ask, and to set slaves free." (Al-Baqarah : 177).

"Ye will not attain piety until ye spend of that which ye love. And whatsoever ye spend, Allah is aware thereof."

(Āli-Imrān : 92)

And serve Allah. Ascribe nothing as partner unto Him. (Show) kindness unto parents, and unto near kindred and orphans, and the needy, and unto the neighbour who is of kin

(unto you) and the neighbour who is out of kin, and the fellow-traveller and the wayfarer and (the slaves) whom your right hand possesses. Lo ! Allah loveth not such as are proud and boastful, who hoard their wealth and enjoin avarice on others, and hide that which Allah hath bestowed upon them of His bounty. For disbelievers we prepare a shameful doom, And those who spend their wealth in order to be seen of men, and believe not in Allah nor the Last Day. Whoso taketh satan for a comrade, a bad comrade hath he." (An-Nisa : 36-38)

(Alms are) for the poor who are straitened for the cause of Allah, who cannot move in the land (for trade).* The unthinking man accounteth them wealthy because of their restraint. Thou shalt know them by their mark : They do not beg of men with importunity. And whatsoever good thing ye spend. Lo ! Allah knoweth it." (Al-Baqarah : 273)

"And the virtuous for love of Allah feed the poor, the orphan and the prisoner and say we feed you only to earn the favour of Allah. We desire no recompense from you, nor your gratitude." (Ad-Dahr : 8-9).

"And in whose wealth there is a right, acknowledged, for the beggar and the destitute. (Al-Ma'arij : 24-25)

"And such of your slaves as seek a writing (of emancipation), write it for them if ye are aware of good in them, and bestow upon them of the wealth of Allah which He hath bestowed upon you." (An-Noor : 33)

Not only does the Quran regard these expenses as a basic

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* This refers to four hundred volunteers in the time of the Holy Prophet (peace be on him), who had forsaken their homes and gathered in Medina from all parts of Arabia. They had devoted their life to learning and propagation of religion. They were ever ready to march on any mission of propagation or of Jihad at the bidding of the Holy Prophet (peace and blessings of Allah be on him). Being engaged full-time in these duties they could not strive for earning their living. (Zamakhshri, al-Kashshaf, Vol. I, p. 126, Al-Matbat-ul-Sabia, Egypt 1343).

The order in this ayah will apply even today to those people who devote themselves full-time to teaching, propagation of religion and works of Public good and consequently cannot engage in economic activity for their own sake.

virtue but also emphasizes that non-performance of these virtuous acts will lead to social collapse.

"Spend your wealth for the cause of Allah and be not cast by your own hands to ruin, and do good. Lo! Allah loveth the beneficent." (Al-Baqara : 195)

12. Monetary Atonements.

Besides this general and voluntary spending for the sake of Allah the Holy Quran has also prescribed financial atonements for some sins or omissions. For instance the order for a person who takes a vow and then breaks it is as follows :

"Its atonement is feeding ten poor people with the same average kind of food with which you feed your children, or else giving them dresses ; or freeing one slave ; but whoso cannot do the above should keep fast for three days." (Al-Maida : 89)

Similarly the order for a man who wishes to turn to his wife after having likened her to his mother or sister and declared her unlawful to himself is :

"Those who put away their wives (by saying they are as their mothers) and afterward would go back on that which they have said, (the penalty) in that case (is) the freeing of a slave before they touch one another. And he who findeth not (the wherewithals), let him fast for two successive months before they touch one another ; and for him who is unable to do so (the penance is) the feeding of sixty needy ones." (Al-Mujadilah : 3-4)

Expiations of the same kind have also been prescribed for some omissions in the course of Hajj (See Baqara : 196, and Al-Maida : 95) and a similar penance has been levied with regard to any default in observing fasts. (Baqara : 184).

13. Pre-Requisites for the Divine Acceptance of Infaq انفاق (Spending in the way of Allah).

But this spending will be regarded as in the way of Allah only when it is devoid of

* any selfish motive

* deception or display
* any attempt to show favour to or hurt the feelings of the beneficiary
* an attempt to sort out the worst material for donation.

The order is to donate the best and finest goods and apart from love of Allah and seeking His favour, no other objective should be kept in view.

"And (also) those who spend their wealth in order to be seen of men, and believe not in Allah nor the Last Day.

Whoso taketh satan for a comrade, a bad comrade hath he."

(An-Nisa : 38)

"O ye who believe ! Render not vain your almsgiving by reproach and injury, like him who spendeth his wealth only to be seen of men and believeth not in Allah and the Last Day."

(Al-Baqarah : 264)

"Those who spend their wealth for the cause of Allah and afterwards make not reproach and injury to follow that which they have spent, their reward is with their Lord, and there shall no fear come upon them, neither shall they grieve. A kind word with forgiveness is better than almsgiving followed by infliction. Allah is Absolute, and Clement."

(Al-Baqarah : 262-263)

"O ye who believe ! Spend of the good things which ye have earned and of that which We bring forth from the earth for you, and seek not the bad (with intent) to spend thereof (in charity) when ye would not take it for yourselves save with disdain ; and know that Allah is Absolute, owner of Praise."

(Al-Baqarah : 267)

"If ye publish your almsgiving, it is well, but if ye hide it and give it to the poor, it will be better for you and will atone for some of your ill-deeds. Allah is informed what ye do."

(Al-Baqarah : 271)

14. The Real Significance of Infaq (Spending in the way of Allah).

This spending in the way of Allah, which the Quran sometimes terms as "انفاق" sometimes "انفاق فی سبیل اللہ" (spending in the way of Allah), at other places as "صدقہ" (Alms) and sometimes as Zakat (Poor due), is not merely an act of piety or charity, but an act of worship also and is the third among the five articles of faith in Islam i.e. Belief, Prayer, Zakat, Fasting, and Hajj (Pilgrimage). It has been mentioned together with Namaz (Prayer) at 37 places in the Holy Quran, and it has been emphatically made clear that both Namaz and Zakat are the essential tenets of Islam and their observance the indispensable condition of salvation.*

The Holy Quran points out that Zakat has always been an article of faith in Islam.

"And We made them chiefs who were guided by Our command, and We inspired in them the doing of good deeds and the right establishment of worship and the giving of alms, and they were worshippers of Us (alone)." (Al-Anbiya : 73)

"And they are ordered naught else than to serve Allah, keeping religion pure for Him as men by nature upright, and to establish worship and to pay the poor due : That is true religion." (Al-Bayyinah : 5)

"And make mention in the scripture of Ishmael. Lo ! he was a keeper of his promise and was a messenger (of Allah), a

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* For instance look up the following references in the Holy Quran :

Al-Baqarah ayahs 3, 43, 83, 110, 177, 277
Al-Anfal : 3
Ar-Ra'ad : 22
Al-Anbiya : 73
An-Naml : 3
Al-Shoura : 38
Al-Muddaththir : 43
Maryam : 31, 55
Luqman : 4
Al-Mujadlh : 13
Al-Bayyinah : 5
An-Nisa : 77, 162
Al-Maida : 12, 55
At-Tauba : 5, 11, 18, 71
Ibrahim : 31
Al-Muminun : 2
Al-Ahzab : 33
Al-Ma'arij : 23
Al-Ma'oon : 5
Al-Hajj : 35, 41, 78
An-Noor : 37, 56
Fatir : 29
Al-Muzzammil : 20

prophet. He enjoined upon his people worship and almsgiving and was approvable in the sight of his Lord." (Maryam : 54-55)

"And (remember) when We made a covenant with the children of Israel (saying) : worship none save Allah (only) ; And establish worship and pay the poor-due."

(Al-Baqarah : 83)

"He spoke, Lo ! I am the slave of Allah. He hath given me the scripture and hath appointed me a prophet. And hath made me blessed wheresoever I may be and hath enjoined upon me prayer and almsgiving so long as I remain alive."

(Maryam : 30-31)

In the same manner Zakat (poor-due) is an article of faith in the religion preached by Muhammad (peace and blessings of Allah be on him). Like affirmation of faith and Namaz, Zakat (Payment of poor-due) also is an obligatory condition for entering the fraternity of Islam.

"And strive for Allah as striving for Him is due. He hath chosen you and hath not laid upon you in religion any hardship ; the faith of your father Abraham (is yours). He hath named you Muslims of old time. So establish worship, pay the poor-due and hold fast to Allah." (Al-Hajj : 78)

"This is the scripture whereof there is no doubt, a guidance unto those who ward off (evil). Who believe in the unseen, and establish worship, and spend of that We have bestowed upon them." (Al-Baqarah : 2-3)

"They only are the (true) believers whose hearts feel fear when Allah is mentioned and when His revelations are recited unto them they increase their faith and who trust in their God." (Al-Anfal : 2-4)

"Your friend can be only Allah ; and His Messenger and those who believe, who establish worship and pay the poor-due and bow down (in prayer)." (Al-Maidah : 55)

"But if they repent and establish worship and pay the poor-due, then they are your brethren in religion."

(At-Tauba : 11)

This Zakat(payment of poor-due) is not only a social welfare scheme, but is a necessary measure for the spiritual progress, moral reformation, well-being and salvation of the donors. It is not a tax, but an act of worship, like Namaz. It is an indispensable part of the practical scheme presented by Islam for the spiritual reformation of man.

"Take alms of their wealth, wherewith thou mayst purify them and mayst make them grow and pray for them. Lo! thy prayer is an assuagement of them." (At-Tauba : 103)

"Ye will not attain unto piety until ye spend of that which ye love." (Āli-Imran : 92)

"So keep your duty to Allah as best as ye can, and listen, and obey, and spend; that is better for your souls. And whoso is saved from his own greed, such are the successful." (At- Taghabun : 16)

15. Obligatory Zakat (Poor due) and its rate.

The Holy Quran did not confine itself to inculcating a universal spirit of voluntary payment of poor-due in the way of Allah among members of the society by precept and injunction, but directed the Holy Prophet (peace and blessings of Allah be on him) to fix the minimum rate of poor due and arrange for its collection and distribution as an obligatory duty of the Islamic state.

"(O Prophet) Collect a portion of alms from their property."

The implication of the expression "a portion of alms" was that in addition to the usual charities given individually, a fixed rate of poor due should be made obligatory. The determination of the rate was left to the Holy Prophet (peace be on him).

In pursuance of this order, the Holy Prophet (Peace be on him) fixed the lowest limit in various categories of wealth below which payment of poor due would not be obligatory. The Holy Prophet (peace be on him) then prescribed the

following rate of poor due according to the minimum limit or above of wealth in each category.*

1. 2½% per annum on accumulated wealth in gold, silver or ready money.**

2. 10% per annum on agricultural produce of barani land (land watered by rainfall).

3. 5% per annum on agricultural produce of land watered by artificial devices.

4. 20% per annum on produce of mines under private ownership and on treasure trove.

5. The rate of Zakat (poor-due) on animals kept for breeding or sale varies in the case of sheep, goats, cows or camels. For details, works on Fiqh may be consulted.

By order of Allah, the Holy Prophet (peace be on him) has prescribed this rate of Zakat as a duty for the Muslims in the same way as he has made obligatory upon them the performance of certain rakats of prayer five times in a day. In terms of a religious duty and a compulsory obligation, Zakat and Namaz stand on equal footing. The Holy Quran regards it as among the primary duties of the Islamic Government to maintain the institutions of Namaz and Zakat.

"Those who, if We give them power in the land, establish worship and pay the poor-due and enjoin virtue and forbid iniquity." (Al-Hajj : 41)

"Allah hath promised such of you as believe and do good works that He will surely make them to succeed (the present rulers)...Establish worship and pay the poor-due and obey the Messenger, that haply ye may find mercy." (An-Nur : 55—56)

But as the study of above-quoted ayah clearly shows, although the collection and distribution of Zakat (poor-due)

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* Al-Shaukani, Nail-al-Autar, Vol. 4, pp. 98-126 ; Mustafa al Babi, Egypt 1347.

** Later it was resolved by consensus that the same rate of poor due i.e. 2½% per annum should be levied on mercantile goods. (Al-Shaukani, Vol. 4, p. 117). This rate of commercial Zakat (poor-due) will also be imposed on factories manufacturing goods for sale.

is included among the obligatory duties of the Islamic state, yet in the absence of an Islamic state or when the Islamic state neglects to perform this obligatory function, the duty of Muslims to pay Zakat (poor-due) is not extinguished, just as the duty of offering Namaz is never suspended. When no agency or institution for collection and distribution of Zakat exists, each individual Muslim upon whom Zakat is obligatory should set aside the portion of wealth due from him and distribute it himself.

16. One-Fifth of the Spoils of War.

To the fund established by levying obligatory Zakat, the Holy Quran adds another head of revenue, which is one portion of the spoils of war. The Holy Quran lays down the rule that the soldiers instead of expropriating their individual loot should deposit it with their commander, who should divide it into five equal portions and distribute four portions among the troops who took part in the battle, leaving the fifth portion to be deposited in the Government account.

"And know that whatever ye take as spoils of war, Lo! a fifth thereof is for Allah, and for the messenger (i.e. for the state, to be used for that commonweal) and for the kinsman[1] (needy) and orphans and the needy[2] and the wayfarer."

(Al-Anfal : 41)

17. Charges on the Zakat Fund.

The fund collected from the above two heads of revenue

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1. During his lifetime the Holy Prophet (peace be on him) used to receive a portion of the fifth share of the spoils of war as personal and family allowance, for he (peace be on him) and his family had no share in Zakat. After the Prophet's death, a debate arose as to who should receive the share previously given to the Prophet and his family. Some argued that this share was paid to the Holy Prophet (peace be on him) as an honorarium for his duties as head of the state and hence it should now be remitted to the Khalifa and his family. Another section held that this share is the perpetual right of the Prophet's family and should be paid to them even after the Prophet's death. It was finally agreed to allocate the share formerly paid to the Prophet and his family to the Defence Budget of the Islamic State.
Al-Jassas, Vol. 3, pp. 75-77)

(Contd.)

does not form part of the Public exchequer, which is meant for providing facilities and essential services to all citizens, including the donors of Zakat. The Holy Quran has allocated this fund to the following heads of expense :

"The alms are only for the poor[2] and the needy, and those whose hearts are to be reconciled,[4] and to free the captives[5] and debtors, and for the cause of Allah,[6] and for the wayfarer,[7]

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2. The root meaning of the word فقر "Faqr" is "need". The term فقير "Faqir" denotes every person who requires help because his income falls short of his need. (Lisa'an al Arab, Vol. 5, pp. 60-61, Beirut 1965).

3. Hadrat Umar defined "Miskin" as a person who has no capacity to earn or cannot find an opportunity of earning. (Al-Jassas, Vol. 3, p. 151).

According to this definition all poor children not yet able to earn, the disabled adults and old people who have lost the capacity to earn and the unemployed or sick people who have temporarily lost the opportunity to earn, are "Miskin".

4. In the time of the Holy Prophet (peace be on him) monetary aid was given to three categories of people in order to reconcile their hearts:

(a) The enemies of Islam who persecuted the weak Muslims or displayed wanton hostility were paid monetary subsidiaries in order to persuade them to adopt a humane attitude.

(b) Money was paid to buy off the hostility of those elements who forcibly prevented the people of their nation or tribe from converting to Islam.

(c) Fresh converts to Islam were given monetary help to alleviate their worries and to enable them to assimilate in the fraternity of Islam as contented members. (Al-Jassas, Vol. 3, p. 152).

5. This refers also to the Muslims who were taken prisoner in war by the enemy and put into slavery and the non-Muslim prisoners of war in Muslim hands, who tried to purchase their freedom by paying compensation and the former slaves.

6. The expression "Way of Allah" refers to Jihad and Haj. Even if the Volunteer who sets out for Jehad can easily afford his personal needs, yet he is entitled to receive Zakat, for the private means of a person cannot be sufficient for making preparations for Jehad and meeting expenses of transport to the battle front. Similarly if a pilgrim runs out of resources in the course of his journey, he has a right to receive Zakat.

(Al-Jassas, Vol. 3, pp. 156-157, also Nail-al-Autar, Vol. 4, pp. 144-146).

7. A traveller, however prosperous at home, has a right to receive Zakat if he needs help in the course of his journey.

(Al-Jassas, Vol. 3, p. 157).

a duty imposed by Allah. Allah is Knower, Wise."

(At-Tauba : 60)

18. **The Law Regarding the Division of Inheritance.**

The Qurabic law regarding the legacy of a deceased man or woman is that it should be divided among his or her parents, children, wife or husband according to a fixed ratio. However in the absence of parents or children of the deceased, his or her Akhyafi (of the same mother but different father) or Allati (of the same father but different mother) brothers and sisters should share in the inheritance. Sura Nisa contains detailed orders on this subject*. (See ayahs 7-12 and ayah 176). Space does not permit the reproduction of those orders here.

The principle enunciated by Islam in this matter is that the wealth which a person has accumulated in his lifetime should not remain concentrated after his death, but should be distributed among his relations. This principle is the antithesis of the law of primogeniture, the joint family system and other customs or usages of the same nature, which basically seek to keep the accumulated wealth of a person concentrated even after his death. Similarly the Quran repudiates the rule of adoption, and ordains that only the genuine relatives should share in the inheritance. No stranger can be adopted as a son for the purpose of appointing him a heir in the artificial manner.

..... Nor hath He made those whom ye claim (to be) your sons. This is but a saying of your mouths. (Al-Ahzab : 4)

"And according to Allah's Book, the relations have a greater right upon one another". (Al-Ahzab : 6).

But having fully safeguarded the rights of relations who are the real heirs, the Holy Quran enjoins them to voluntarily

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* According to the Holy Prophet's (peace be on him) interpretation of this law, in the absence of the nearest relations, the nearer relatives shall share in the legacy, and in the absence of the nearer relatives, the legacy shall be divided among those who stand in a relatively closer relation with the deceased than the strangers. However in the absence of any relation, near or distant, the legacy shall be annexed to the public exchequer of the Islamic Government. (Nail-al-Autur, Vol. 6, pp. 47-56.)

give some share of the legacy to those relations also who have no claim to inheritance, but who are present at the time of division.

"And when kinsfolk and orphans and the needy ones are present at the division (of the heritage) bestow on them therefrom and speak kindly unto them. And let those fear (in their behaviour toward orphans, who if they left behind them weak offspring would be afraid for them. So let them mind their duty to Allah, and speak justly." (An-Nisa : 8-9)

19. The Rule of Making a Will.

Besides enacting the law of inheritance, the Holy Quran ordains that a person should make a will about his property before his death :

"It is prescribed for you, when death approaches one of you, if he leaves wealth, that he bequeath unto parents and near relatives in kindness. (This is) a duty for all those who ward off (evil)." (Al-Baqarah : 180)

The object of this injunction is that in the first place the person whose end is near should exhort his children to be good to their grandparents, for young people can be scarcely expected to do good to the aged parents of their deceased father ; and secondly, if there are some persons in the family who are legally excluded from inheritance, but the legator wishes to help them, he should include them as sharers in the will. In the same way if a man is leaving considerable wealth, he can will a portion to be donated to works of public welfare, for the object of the above-quoted ayah is certainly not to limit the application of will to parents and relatives alone*. The law of

* Nail-ul-Autar, Vol. 6, pp. 32-33. In this case the viewpoint of the Quran as explained by the Holy Prophet (peace be on him) appears to be that it is not laudable for a man to leave his own relatives in an indigent condition and will his wealth to projects of public welfare. The words of the Holy Prophet (peace and blessings of Allah be on him) as recorded in Nail-al-Autar on the authority of Bukhari, Muslim, and other Books of Hadith are these : "It is better for you to leave your heirs prosperous than to leave them in a condition of want and privation seeking alms from the people."

will and inheritance makes it explicit that the Islamic scheme regarding the legacy of an individual is that two-third of the legacy must be distributed according to the Law of Inheritance. The distribution of the remaining one-third may be left to the discretion of the legator, so that he or she may will it to be spent for any purpose, provided that the purpose is lawful and also that the right of no one is jeopardised*.

20. Safeguarding the Interest of Persons of Unsound Mind.

Regarding persons of unsound mind who cannot manage their property and are wasting it or are likely to waste it, the injunction of the Holy Quran is that their property should be placed under the control of their guardian or court of wards. The property shall not be restored to the independent control of a person of unsound mind until there is absolute proof that he or she has the capacity to manage it.

"Give not unto the foolish (what is in) your (keeping of their) wealth, which Allah hath given you as maintenance, but feed and clothe them from it, and speak kindly unto them. Prove orphans till they reach the marriageable age ; then if ye find them of sound judgement, deliver over unto them their fortunes."

(An-Nisa : 5-6)

This ayat enunciates an important point which is that though individuals are owners of the property to which they have a legal title, yet their ownership is not full or absolute, in so far as the collective interest is also attached to the individual right of ownership. It is for this reason that the Quran uses the term "اموالكم" (your property) instead of "اموالهم" (their property).

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* Explaining the law of will, the Holy Prophet (peace be on him) subjected the right of will to three restrictions : One, a man can exercise his right of will upto one-third portion of his legacy at the maximum ; second, nothing can be willed to anyone who has a legal share in inheritance without the consent of other heirs ; thirdly, no legal heir can be excluded from inheritance by will nor his share be decreased.

(Nail-al-Autar, Vol. 6, pp. 31-35).

It is on this same basis that when private property is being managed to the detriment of public interest, or is being so managed as to create a reasonable apprehension of public loss, the Holy Quran authorises the guardian or the judge (Qazi) to take over charge of the property, leaving the owner's title and right of use intact[1].

21. Common Interest in State Property.

Regarding estates, goods and revenues which are state property, the Holy Quran ordains that they should not be managed in the interest of the wealthy classes but in the interest of general public and more especially for the benefit of the poor classes of the society.

"That which Allah giveth as spoil unto His Messenger from the people of the townships, it is for Allah and His Messenger[2] and for the near kin [3] and the orphans and needy and the wayfarer, that it become not a commodity between the rich among you. And for the poor fugitives who have been driven out from their homes and their belongings; Those who entered the city and the faith before them.

And those who came (into the faith) after them deserve also." (Al-Hashr : 7-10)

22. Basic Principle of Taxation in Islam.

The principle of taxation as indicated by the Quran is that the burden of taxation should fall on the classes which possess more wealth than they need, and especially on that portion of their wealth which is left over after fulfilling all their needs.

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1. Ibn-al-Arabi, Ahkam-ul-Quran, Vol. I, p. 133.
Ibn-l-Kathir, Tafsir-al-Quran, Vol. 1, p. 452.
Al-Jassas, Ahkam-al-Quran, Vol. 2, pp. 72-73.

2. This refers to expenses on administration and defence of the Islamic State. This includes the allowance drawn by the Holy Prophet (peace be on him) and later by his Caliphs (Allah be pleased with them) for their personal expenses, and the salaries of their staff, (excluding the salaries of the functionaries of Zakat department). The salaries of the functionaries of the Zakat department were charged on the Zakat fund.

3. For detailed explanation refer to Footnote* at Page No. 62.

"They ask thee: what they should spend. Say: that which is left over after meeting your needs.". (An-Nisa : 219)

Characteristics of the Economic System of Islam.

The basic principles and outstanding characteristics of the economic system enunicated by the Holy Quran in twenty-two points are as follows :—

Firstly, Islamic scheme lays down such methods of achieving social justice as suppress all forms of economic oppression and unfair exploitation on the one hand and on the other generate and develop moral virtues in society. The Holy Quran does not envisage a social order in which there is no scope for private acts of philanthropy, entrusting the entire field of social welfare to a Bureaucratic Machine, for in such an order there is no room for the growth and development of moral virtues. On the contrary the Holy Quran established a social order in which while dealing with one another the individuals are actuated by a spirit of voluntary and selfless generosity, sympathy and benevolence, which promote love and concord among them. To this end, Islam largely concentrates on devising means to inculcate faith among the people and to make them better human beings by education and training. To make up for any deficiency that may still be left, Islam enforces such compulsory orders as are inevitably needed to promote social welfare. (See Points 8 to 13 and 15 to 19)

2. Instead of maintaining a distinction between economic and moral values, Islam harmonises both and rather than solving economic problems from a purely economic standpoint, it resolves them according to their proportionate value in that collective order of life whose edifice Islam has raised solely on the foundations of the Divine concept of the universe and the Divine philosophy of ethics. (See Points 1, 2, 4, 5)

3. Islam proclaims that the economic means and resources in the earth are Divine blessings open to all, which implies that no kind of monopoly whether personal, sectional or national will be encouraged. Instead freedom of Economic

Endeavour shall be afforded to every human being to the utmost possible extent. (See Point 5)

4. Islam grants to the individual the right of private property, but this right is not unlimited. In addition to imposing necessary restrictions on the right of private ownership in the interest of other individuals and the collective social order, the economic scheme of Islam establishes the right of the relatives, neighbours, friends, the needy and the destitute and collectively, the right of the whole Society on the wealth of each individual. Some of these rights are to be enforced by law, and for the recognition and fulfilment of others, provision has been made to train the individuals by intellectual and moral education.

(See Points 3, 5, 7, to 15, 16, 17, 19, 20)

5. According to this scheme the natural process of running the economic order of human life is that the individuals should operate and develop this order by free endeavour. However this freedom of endeavour is not unlimited, but in the interest of the society and for the individual's own moral, cultural and economic welfare, some restrictions have been imposed on individual freedom. (See Points 6, 7, 15, 22)

6. Islam gives equal right of ownership to man and woman in their earned or inherited wealth or wealth secured by any other lawful means. Both sexes have been given equal rights as regards the use and enjoyment of their property

(See Points 3, 4, 18).

7. In order to maintain a balanced economic order, on the one hand Islam encourages people to enjoy Allah's blessings by condemning avarice and ascetic living and on the other, the people are strictly forbidden to indulge in ostentation, extravagance and high living. (See Points 5, 8 to 10).

8. In order to establish economic justice Islam provides that wealth should not flow through wrong channels in one particular direction nor should the unlawfully gained wealth accumulate in one place and remain unproductively blocked there. At the same time Islam provides that money should

come into rapid use and circulation and its flow should especially benefit those sections of the society which for some reason lagged behind in obtaining their due share.

(See Points 6 to 10, 12, 13, 15, 17 to 19, & 21).

9. The economic scheme of Islam does not largely depend on law or state to intervene in the matter of establishing econami justice. To secure this purpose Islam assigns only certain unavoidable duties to the State and enforces the rest of its economic plans by intellectual and moral training of individuals and by effecting general reform of the society so that economic justice may be established keeping in view the logical requirements of a free economy.

(See Points 5 to 22).

10. Instead of creating class conflict between various sections of society, Islam eliminates the causes of conflict and promotes a spirit of cooperation and unity among the classes.

(See Points 4, 6 to 11, 12, and 15 to 17, 21, 22).

Several more details of these principles in the form of rules and precedents as they were practically established in the system of state and society in the time of the Holy Prophet (peace and blessings of Allah be on him) and the right-guided Caliphs (Allah be pleased with them) are available to us. But this discussion falls outside the scope of this chapter. The literature of Hadith, Jurisprudence, History and biographies of the Holy Prophet (peace and blessings of Allah be on him) contains a vast material on the subject, and the reader should turn to it for details.

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Basic Principles of Economic Life

(Formulated in the light of the Holy Quran).[1]

Fundamental values of Islamic Society.[2]

"Lo Allah enjoineth Justice and kindness, and giving to kinsfolk, and forbiddeth lewdness and abomination and wickedness. He exhorteth you in order that ye may take heed." (An-Nahl : 90)

This short verse contains three orders upon which depends all social reform. Firstly, there is Justice. The concept of Justice is composed of two constant factors.

(a) Maintenance of Equitable and balanced rights among people.

(b) Everyone should receive his due right without fear or favour. The Urdu equivalent of Justice is 'Insaf', which has a misleading connotation. The Urdu word conveys the impression that two men should share rights in equal proportion on the basis of fifty percent each. So it is commonly held that Justice means Equal distribution of rights. But this is

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1. We have incorporated relevant notes and discussions from Tafhim-ul-Quran at suitable points in this book. Some important notes however, could not find room under any particular chapter heading. A few of these notes are presented below in a set order. For the sake of continuity partial amendment has been made at certain points in the text and a word or sentence has been added here and there.

Editor

2. Refer to Tafhim-ul-Quran Vol. II P. 564 to 566.

unnatural. What Justice in fact demands is not equality but balance and Equity. In some respects, Justice no doubt requires complete Equality among citizens such as in civic rights. But in some other respects the principle of Equality is contrary to Justice, for instance social and moral equality between parents and offspring, or equal compensation to higher and lower cadres of service. Hence what Allah has decreed is not equality of rights, but balance and equity in the rights of various classes of people. This decree requires that each man should receive his due moral, social, economic, legal, political and cultural rights fully without fear or favour. Secondly, احسان favour which denotes fair dealing, liberality, sympathetic attitude, courtesy, mutual accomodation, mutual regard, giving the other slightly more than his due and be content with a little less than one's due right. Favour thus is a complement to Justice and hence bears greater social value than justice. Justice is the base of society, Favour its grace and excellence. Justice removes conflict and bitterness from society, favour fills it with pleasant harmony and sweet accord. A calculating mentality among individuals and a business like attitude in the payment and receipt of dues cannot be the only basis of social organization.

Such a cold and impersonal society may be free from conflict, but it will also lack such virtues as love, gratitude, magnanimity, self-sacrifice, sincerity and sympathy, which make life pleasant and sweet and promote collective virtues. The third order contained in this Ayat relates to صلہ رحمی kindness which suggests a special form of doing favour to relations. It does not only imply good conduct towards relations, sharing their joy and grief and lending support and assistance to them within justifiable limits, but also contains the meaning that each affluent person should not only recognize

the rights of himself and his family over his wealth, but admit that he owes obligations to his relations also. The Shariat of the Divine charges affluent individuals of each family with the duty of providing food and clothing to an indigent member of their clan. A society cannot be in a worse state than when one of its members has all the joys that life can give while other members of his clan cannot afford even bread and clothing. The divine Shariat considers each family as an important organ of the body-politic and lays down the rule that indigent persons have a prior claim on affluent members of their own clan and afterwards on others. It is this point which the Holy Prophet (Peace and blessings of Allah be on him) has elucidated in many of his statements. Several traditions explain that the first charge of a person are his parents, his wife and children and his brothers and sisters. His next charge are proximate relatives in the descending order.

It is on the basis of this rule that Hadrat Umar (Allah be pleased with him) bound some persons to take charge of their orphaned cousin. Delivering his ruling in favour of another orphan, Hadrat Umar (Allah be pleased with him) observed :

"If this child had even a most distant relative, I would have forced him to take charge of the child".

The level of economic affluence, social harmony and moral purity and excellence of a society wherein each unit supports its members in this manner can be readily imagined. As against the above three virtues, Allah forbids the following three evils which cause destruction to both individual and society.

Firstly, obscenity which covers all absurd and indecent acts. All evils which are heinous in nature are obscene such as stinginess, fornication, nudity and exposure of body, sodomy, marriage between collaterals, felony, drinking, begging, reviling, and foul speech. Similarly open indulgence in evil and propagation of evil are also obscene acts such as false propaganda, slander, publicity of secret crimes, pornographic art, short stories, plays and films, female exhibitionism, open mixing of sexes and stage performances of actresses.

Secondly: there is منکر which refers to all things which people generally consider and have always considered as bad and which have been proscribed by all Divine Scriptures and Prophets (Peace be on them). The third thing is بغی which implies exceeding one's bounds and tresspassing on the rights of others, whether of the creator or the creatures.

These are the fundamental values of Islamic Society. It is the duty of the citizens and the Government to safeguard them. These then are the values which form the basis of Islamic Society. It is the duty of the citizen and the State to safeguard these values and use all the force of Law and morality to attain them.

The Course of Moral and Economic Evolution in Islam.[1]

"So give to the kinsman his due, and to the needy, and to the way-farer. That is best for those who seek Allah's countenance. And such are they who are successful."

(Romans : 38).

This Ayat does not say that you should give charity to your relations, the poor and the traveller. The text rather says that it is their right and your obligation, which you must discharge, when paying the right of a person in the above category do not think that you are doing him a favour or that you are a gracious being and he is a miserable creature living on your dole. On the other hand you should ever be deeply conscious that if the True Lord has blessed you with more and others with less, then the surplus that you have got is the right of others and by entrusting this surplus to you Your Lord puts you on trial to see whether you pay the rights of the needy ones or not.

Anyone who reflects upon the letter and spirit of this Divine Order will not fail to realise that the course of moral and spiritual evolution of man as out-lined by the Quran presupposes the existence of a free society and a free economy. Such an Evolution is not possible in a social environment where proprietory rights of individuals are abolished, all economic resources are nationalized and state exercises monopoly control

(1 Tafhim-ul-Quran Vol : III P-757).

over distribution of wealth among citizens, thereby preventing an individual from owing any obligation to another or to cherish sentiments of sympathy and goodwill for anyone else. Such a purely communist social and economic system which in our country is being aggressively imputed to Quran under the deceptive titles of "Islamic Socialism" or "Qurani Nizam-i-Rabubiat", is the antithesis of the Quranic Scheme, for the communist system stultifies the development of individual morality and totally curbs the formation and growth of individual character. The Quranic Scheme can only be implemented in an environment where individuals own some economic resources, have the right and authority to use them freely, and then willingly and with open heart pay the rights of God and man out of those resources. It is in such a society that there arises the phenomenon of affluent individuals developing the sublime virtues of sympathy, kindness, affection, self-sacrifice, consideration and fulfillment of obligation and the beneficiaries entertaining the pure sentiments of support, gratitude, love, sincerity and returning favour for favour towards their benefactors, till such an ideal environment is created wherein the curbing of evil and promotion of good does not depend on the intervention of Authority, but on the pure resolve of the individuals to discharge their obligations to the full.

Provision and its use.

"And strain not thine eyes towards that which we cause some wedded pairs among them to enjoy the flower of the life of the world, that we may try them thereby. The provision of thy Lord is better and more lasting". (Ta' Ha'-131)

I have translated '*Rizq*' as "Lawful provision," for Allah has nowhere referred to illicit things as *Rizq-i-Rab* "the Provision of the Lord." The implication is that it does not behove you or your compatriots in religion to envy the glamorous life of the wicked and corrupt who amass wealth by illicit means. Such wealth and glamour is not at all enviable for you. The pure livelihood which you earn by lawful means, howsoever

meagre it may be, is better for truthful and faithful men and it contains goodness, which will last till eternity.*

"Allah giveth blessings without stint to whom He wills" (An-Nur : 38)

"Allah enlargeth the provision for whom He will of His slaves and straitenth it (for whom He will)".

(Al-Qasas : 82)

In other words increase or decrease of livelihood depends on Allah's will, which is based on several other considerations. The bestowal of ample livelihood upon a person does not necessarily imply that he is high in Allah's favour or that he is the recepient of Divine Reward. Sometimes it so happens that a person is highly discredited in the Eye of Allah, yet He continues to bestow great wealth on him—till this same wealth brings over him the high wrath of Allah. On the other hand if a man possesses scanty livelihood, it does not necessarily imply that he is the object of Allah's wrath. Often times the pious are in straitened circumstances despite the fact that Allah loves them-Nay their poverty is often a Divine blessing in disguise. It is due to incomprehension of this fact that man looks upon the prosperous with envy even though in reality they are liable to suffer Allah's wrath.**

"Whose hearts fear when Allah is mentioned and are patient of whatever may befall them, and those who establish worship and who spend of that we have bestowed on them."

(Al-Hajj : 35).

I have explained above that Allah has never referred to unlawful and impure articles as "Provision." Hence the implication of the Ayat is that they spend out of the pure provisions and lawful incomes which we have bestowed on them. Again expense does not imply "all sorts of expense." It means fulfilment of the legitimate needs of self and family, lending assistance to relatives, neighbours and the needy ones, contributing to

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*Tafhim-ul-Quran, Vol : III p. 410.
** " " " p. 664.

works of public welfare, and financial donations to the cause of the establishment of Allah's creed. Extravagance, expense on pleasure, ostentatious spending are not what the Quran calls *Infaq* "Expense". The Quranic terms for this type of expense are "Extavagance and تبذیر (excess). The Quranic term انفاق "Expense" likewise does not pertain to the niggardly and miserly expense of a man who does not spend on the legitimate requirements of self, family, and needy people of God in full measure according to his means. The Quran refers to such spending as "Stinginess" and شح نفس *

The Principle of Use.

"Eat of that which Allah hath bestowed upon you, and follow not the footsteps of the devil, for Lo! he is an open foe to you." (Al-An'am : 142).

Here Allah enunciates three points, one, that the gardens, fields and cattle which you possess are a bounty from Him alone and no oneelse Hence no other being can claim a share of your thanksgiving.

Secondly, since you have received these things as a gift from Allah, it follows that you should abide by the rules which Allah has set for their use. No one-else has the right to determine rules for the use of these gifts. To observe the rules prescribed by other than Allah and offer thanksgiving for the bounties to other than Allah amounts to transgression and following the path of Satan.

Thirdly, all these gifts have been created by Allah as food and drink for man and for his other uses. He has not created them so that man should renounce them. The curbs that men have whimsically and superstitiously imposed on articles of food and other things provided by God are contrary to the will of God. **

"O believers ! forbid not the good thing which God hath allowed unto you and transgress not, for God loveth not the

* Tafhim-ul-Quran, Vol: III P. 226.

** Tafhim-ul- Quran Vol:I P.590.

transgressors. And eat of the lawful and good things which god hath given you and fear God in whom you believe."

(Al-Māidah 87-88)

This Ayat reveals two points. One, do not determine prohibitions and permissions at will. Permitted is that only which Allah has made lawful and forbidden is that only which Allah has made unlawful. If you probibit the lawful on your own volition, you will be guilty of following the dictates of your own desire rather than the dictates of the Almighty.

Secondly, do not follow the way of Christian monks, Hindu ascetics, Budhist monks and Eastern Sufis. Among the noble minded followers of every religion there has always existed a tendency to consider the satisfaction of physical urges an obstacle in their spiritual development. They are inclined to believe that ascetic living and renunciation of all pleasure and comfort is a virtue without which Allah's favour connot be obtained. Among the illustrious companions (Allah be pleased with them) also there were a few who subscribed to this view. The Holy Prophet (peace be on him) once learned that some companions had taken a vow to fast during the day, pass the night in worship, abstain from meat and fat and renounce intercourse with women. Thereupon he (peace be on him) delivered a sermon in the course of which he observed ; "This is not my creed. Your body has rights over you. You should fast, but eat and drink also. Pray at night, but sleep also. Look at me. I sleep and I pray also. I both keep and omit fasts. I eat both meat and fat. So whoso does not subscribe to my way, he is not of mine."

He (peace be on him) then said, "What has happened to people that they have renounced women, good food, perfume, sleep and worldly pleasure? I have never taught you to be a monk or a priest. In my *Deen* (Creed) there is no provision for renunciation of women or meat nor for abandoning the world. For self-control, I enjoin fast. All the advantages of ascetism can be had from the *Jihad* of Islam. Worship Allah and do not associate naught with him. Perform *Hajj* and *Umra*. Establish *Namaz*, pay *Zakat*, and keep fasts in *Ramadan*. The people who came

to ruin before you met this fate because they were hard on themselves and Allah was hard on them too. It is the remnants of these people that you see in monasteries and convents."

Some other traditions on the sane subject relate that the Holy Prophet (peace be on him) once learned regarding a companion that it was long since he had gone in to his wife and was engaged in prayer day and night. The Holy Prophet (peace be on him) summoned him and ordered that he should go in to his wife at once. 'I am fasting', submitted the companion. "Break your fast and proceed," the Holy Prophet (peace be on him) told him. In the reign of Hadrat Umar a woman complained: "My husband fasts during the day and is engaged in prayer during the night and does not associate with me."

Hadrat Umar appointed the well-known Tabia dignitary Kaab-bin-Saur at Ziddi to hear this case and he gave the verdict that the husband had the right to pray as much as he wished for three nights, but his wife had exclusiue right over him in the fourth night. The phrase 'Transgressing the bounds' in this Ayat has a wide connotation. To curb lawful and to renounce things which Allah has declared pure as if they were impure, is a form of transgression. Excessive and immoderate use of pure things is the second kind of transgression and over-stepping the bounds of the lawful to enter the domain of the unlawful is the third kind of transgression. Allah abhors all these three offences.[1]

The Principle of Moderation.

"And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two; and those who cry not unto any other god along with Allah, nor take the life which Allah hath forbidden save in (course of) justice, nor commit adultery, and whoso doeth this shall pay the penalty. (Al-Furqan, 67,68). In other words they neither fritter away their wealth in luxury, gambling, drinking, parties, festivities, weddings or ostentatious expense on food, house, dress and furnishings, nor are they spendthrifts and fanatic lovers of

1. *Tafhim-ul-Quran*, Vol. I, pp. 498, 499.

money, depriving themselves and their children of legitimate needs according to this means, nor do they lag behind in making voluntary contributions to good causes. Both categories of people were found in large numbers in Arabia. On the one hand there were persons who were big spenders, but their predominant motive was either to buy sensual pleasure to secure an honoured place in society or to gain a reputation for liberality and munificence. On the other hand were misers, who were notorious for their stinginess. A moderate way of life was noticeable in a very minor class whose most prominent members were the Holy Prophet (peace and blessings of Allah be on him) and his illustrious companions (Allah be pleased with them). At this point we must ascertain the correct meaning of extravagance and stinginess. From the view-point of Islam the following three practices constitute extravagance :

1. Expense of even one penny on unlawful activities.

2. Inordinate expense on lawful activities whether in the sense of spending beyond one's means or spending one's surplus wealth on private pleasure or personal glory.

3. Spending on pious activities not for Allah's sake but with the motive of self-projection. In contrast to this the term stinginess applies to two cases : One, that a man does not provide for the needs of himself and family according to his means. Secondly, he should make no contribution to the promotion of good and pious causes.

Between these two extremes Islam presents a middle way, regarding which the Holy Prophet (peace and blessings of Allah be on him) observed :

"من فقه الرجل قصده في معيشته"

"To follow the middle way in one's economic living is one of the marks of a faqih (a wise man)."

(Ahmad and Tabrani on the authority of Abi al-Darda (Allah[1] be pleased with him)

1. *Tafhim-ul-Quran*, Vol. III, pp. 463, 464,

Honesty and Justice in Economic Life

"And unto Median (we sent) their brother, Shuaib. He said: "O, my people! Serve Allah! Ye have no other God save Him. Lo! a clear proof hath come unto you from your Lord; so give full measure and full weight and wrong not mankind in their goods, and weak not confusion in the Earth after the fair order thereof. That will be better for you, if ye are believers".

(Al-Araf: 85)

"But the chieftains of his people, who were disbelieving, said = If ye follow Shuaib, then truly ye shall be the losers".

(Al-Araf: 90)

The first Ayat reveals that Hadrat Shuaib's nation suffered from two principal maladies: One, Polytheism, second, unfair business practices. The purpose of Hadrat Shuaib's prophecy was to remedy these maladies. The reaction of the leaders of the nation should not be passed over lightly. One must pause and consider it seriously. The point that the leaders of Median were really trying to make and instil into the minds of their people was that the adoption of Shuaib's Code of integrity and truth and permanent adherence to his rules of morality and honesty will spell our ruin. If we always speak the truth and do fair transactions, how would we keep our business afloat? We who live on the cross road of the two greatest trade routes of the world and are settled on the edges of the magnificent civilizations of the Egyptian and Iraqi Empires, if we stop molesting the caravans and become harmless and lawful people, we will lose the economic and political advantages of our present geographical position and our hegemony over our neighbours will dissolve. Such reasoning was not confined to the chief men of Hadrat Shuaib's nation. The wicked people of every age have sensed the same dangers in a way of life based on Right, Truth and Honesty. In each age the evil men have cherished the belief that Commerce, Politics and Religious affairs cannot be managed except by false pretences, dishonest means and unethical practices.

In all places, one of the vigorously pressed charges against a righteous message has been that deviation from the prevailing custom would plunge the nation into the abyss of destruction.[1]

Principles and Objectives of Economic Organization in Islam[1]

I have been invited to speak on a few set topics. Let me repeat these topics before you so that you may know the bounds of the present discussion.

The first topic is: Does Islam enunciate an economic system? If it does what is its form? and what place do land, labour, capital and management occupy in this form? The second topic is: Can the revenues of Zakat and charity be channelled into social welfare work. The third topic is: Can we set up an interest free economic order?

A detailed discussion of each of the above topics may run into a volume. But knowing that my audience is composed of highly educated persons, I shall only briefly touch upon these topics.

Form of the Economic System of Islam

There are two parts of the first topic: Does Islam enunciate an economic system? And if it does, what place do land, labour, capital and management occupy in this form?

The answer to the first part is that Islam does enunciate an economic system. This does not mean, however, that Islam has devised a permanent economic order complete in all details which may be valid for all ages. What it really implies is that Islam has prescribed such fundamental rules as enable us to construct an economic plan suitable for every age. The method of Islam is, and careful study of Quran and Hadith makes it explicit, that in the case of every aspect of life it sets up, as it

1. (This address was delivered at a Symposium in the Department of Administrative Sciences, Punjab University on 17 December 1965.

—Editor)

were, four corners within which the affairs relating to that aspect may be ordered. Transgression of these four corners is forbidden. Within these four corners, however, you are free to settle the details of your life-order according to the condition, need and experience of your age.

In all aspects of life, from private affairs to cultural and social matters, Islam lays down the same rule for the guidance of man. And the same rule applies to our economic system. In the economic sphere also Islam has enunciated some rules and has set some bounds within which we may construct our economic system. The details may be, as they have been, settled according to the conditions in every age.

You will see that within the bounds set by Islam eminent jurists had formulated rules of economic life in great detail, which are extant in books on jurisprudence. The economic codes compiled by the jurists are derived from the basic principles of Islam and are circumscribed by the limits set by Islam. Of the detailed rules framed by the jurists, we shall retain such as correspond to our needs to-day. As for the new requirements of our own age we shall deduce fresh rules. These new rules however, will be essentially deduced from the Islamic principles and will fall within the limits prescribed by Islam.

Objectives of Economic Organization

From the foregoing discussion you can ascertain the nature of the economic system of Islam. Prior to setting out the economic principles of Islam. I would like to put before you the objectives of the economic order of Islam, for without an understanding of the objectives, you can neither grasp the principles nor apply them to conditions or needs nor can detailed rules be deduced in consonance with their true spirit.

A. Individual Freedom

The first and foremost objective of Islam is to preserve individual freedom and to circumscribe it to such extent only as is compatible with common good of humanity. Islam puts the highest value on individual liberty. The reason for this is that Islam holds such person in his individual capacity as

accountable to Allah. This accountability is not collective, but each individual must answer separately for his actions. Hence it follows that every person must be afforded the maximum opportunity to realise his full potential. Accordingly alongwith moral and political freedoms, Islam attaches the greatest importance to economic freedom also. When the economic freedom of the individuals is curbed their moral and political freedom is also exterminated. You can fully realise that a man who is economically dependent on another person, an institution or the government, cannot have freedom of action, even if he has an independent opinion of his own. Hence Islam enunciates such economic rules as afford the maximum freedom of economic activity to the individual, binding him only to such limits as are really necessary for safeguarding the common good of humanity. That is why Islam envisages a political system in which the government is elected by the people, who also have the power to change it at will. The people or their accredited representative run the affairs of the state. The right of the people to criticise and voice their opinions is untrammelled. The powers of the Government are not unlimited, but are circumscribed by the overriding laws of the Quran and Sunnah.

Further in Islam Allah has vouchsafed certain basic rights to man which are immutable and cannot be suspended by any human agency. All this is aimed at preserving the freedom of the individual and preventing the rise of a dictatorial system which may stultify the growth of human personality.

II. Harmony in Moral and Material Development

Secondly, the moral development of man is of fundamental importance to Islam.

For this end, it is necessary that each individual in society should have the optimum chance to practise voluntary charity, so that sentiments of generosity, sympathy, kindness and other moral virtues may become a living force in society. That is why Islam does not exclusively rely on the law to establish social justice but gives the highest priority to the spiritual reform of man by means of Faith, Devotion, Education and

Moral training. Islam transforms the taste and outlook of man and generates in him a strong moral sense which may for ever keep him on the path of right action.

If all these measures fail, the Muslim society should be able to exert strong pressure on the individual to keep him within the prescribed bounds. When even such pressure fails to deliver the goods, Islam resorts to the force of law to establish justice. Every social system which relies exclusively on the force of law to establish justice and so ties up the individual as to rob him of all voluntary power to do good is unsound from the Islamic point of view.

(c) Cooperation, Accord and Establishment of Justice

Thirdly, Islam upholds human unity and brotherhood and opposes discord and conflict. Hence it does not divide society into classes. On the other hand among the classes that naturally exist in society, it promotes sympathy and cooperation instead of class struggle.

An analysis of human society will reveal to you the existence of two types of classes in it. One type of classes are those which are artificially and unjustly created and forcibly maintained by vicious political, social and economic systems. In this category fall the classes which were created by Brahamanism, Feudalism and the Western capitalist system.

Islam creates no classes of this sort, nor envisages their perpetuation but eliminates them by its moral and legal reforms. The second type of classes are those which form and dissolve in a natural manner by differences in abilities and conditions of human beings. Islam does not wipe out these classes by force, nor transforms them into rigid classes, nor sets them against one another.

On the other hand by its moral, political, social and economic programme, it promotes just cooperation among them, makes them the sympathiser and ally of one another and by affording equality of opportunity to all creates such conditions in which these classes continue to dissolve and change in a natural manner.

Basic Principles

An awareness of the above three points is necessary for understanding the principles of the economic system of Islam in their true spirit. I now proceed to delineate the major principles of this economic system as follows :

Private Property and its Limits

Islam endorses individual ownership of property subject to certain special conditions, and in the case of individual property it does not differentiate between Means of Production or Consumer Goods and Earned or Unearned Income. It concedes to man a general right to hold property, but sets some limits to it. The concept that the Means of Production should be differentiated from consumer goods and individual ownership of the former should be abolished confining private ownership to consumer goods is alien to Islam. In the viewpoint of Islam just as a person can possess clothes, utensils and household furniture, so he can own land, machinery and a factory also. By the same token just as a person is the rightful owner of his directly earned wealth, so he can justifiably possess wealth inherited from his parents or spouse and can share as an active or sleeping partner in the earnings of another man in whose venture he has invested his capital.

Islam does not differentiate between one or the other property in terms of whether it is a Means of Production or a consumer commodity or whether it is earned or unearned income. It sets up only one criterion of distinction i.e. wealth gained through lawful or unlawful means and whether one spends wealth in a lawful or unlawful way. The entire scheme of economic life in Islam has been built on the line that subject to certain restrictions an individual should enjoy freedom in economic activity. I have just pointed out that freedom of the individual holds primacy in Islam, and it is on this freedom that Islam bases its entire programme of human development. It is for the preservation of this freedom that it becomes imperative to concede the right of individual ownership over economic means and resources. If the right of individual

ownership is curbed and all economic means are taken under public control, individual freedom becomes extinct, for all individuals then become employees of that institution which exercises monopoly control over all the economic resources of the state.

Equitable Distribution

Another important rule of Islamic economy is to establish a system of equitable rather than equal distribution of wealth. Islam does not envision equal distribution of economic resources among individuals at all. The student of Quran is bound to realise that no two things are equal in the universe—'equal distribution is so unnatural'. Have all individuals been endowed with the same degree of health? Are all individuals blessed with the same level of intelligence? Do all persons have equally strong memories? Are all persons equal in beauty, strength and ability? Are all persons born under the same conditions and do all of them work under the same set of circumstances? If equality in such things is non-existent, what meaning can equality in the means of production or distribution of wealth holds ?.

This is virtually impossible and whenever artificial equality is sought to be established, the attempt will inevitably fail and will entail vicious consequences. Hence Islam does not enjoin equal distribution of economic means and products, but orders equitable distribution and lays down certain regulations for the maintenance of equity. The first regulation is that Islam sets up a distinction between lawful and unlawful means of income. On the other hand it concedes the right of free enterprise to the individual and recognises his right to keep the lawfully earned wealth. On the other hand it has drawn boundary lines between lawful and unlawful ways of earning wealth. In Islam an individual is absolutely free to earn his livelihood by lawful means. In this case no restriction is imposed on him as to the methods he adopts or the amount of wealth he earns. An individual is the rightful owner of his lawfully earned wealth. No one has the right to put a ceiling on his lawful possessions

or appropriate them. However no individual has the right to own a grain of what has come to him through unlawful means. The individual will be forcibly prevented from obtaining illicit earnings. He has no legal title to such earnings. He shall be punished with imprisonment, fine or forfeiture according to the nature of his crime, and deterrent measures shall also be taken to prevent the incidence of this crime.

The means declared unlawful by Islam are these: misappropriation, bribery, usurpation, embezzlement of Public Funds (from Bait-al-Mal), felony, spurious weights and measures, Business which promotes immorality, such as prostitution, manufacture and trade of wine and other intoxicants, usury, gambling, speculation and all forms of sale under false pretences or duress, or which give rise to dispute or friction or which are derogatory to equity or public interest. Islam curbs these means by force of law. Besides, it bans hoarding and prevents the formation of such monopolies as deprive the common public from availing of wealth and the means of its production without reasonable cause.

All wealth which a man earns by means other than those listed above is his lawful property. He can avail of this lawful wealth personally. He can transfer it as gift or reward to someone also. He can invest it in some enterprise to earn more wealth and can leave it as inheritance for his heirs. There is no ceiling on this lawful wealth which curb its further growth. If a man has the potential to become a multi-millionaire by lawful means, Islam does not stand in his way. He can make as much money as he likes, provided he does it by legal means. The patent fact is that it is not easy to pile up millions by rightful means. He is a doubly blessed person who earns millions by impeccable means, otherwise ordinarily there is little room for anyone to become a millionaire by honest means. The fact, however remains that Islam places no restraint on anyone. A man can earn to the maximum provided he does so by lawful means. Islam places no hinderance in the way of an honest man, for undue restraint suppresses incentive for work.

After all this, the use of lawfully earned wealth is again subject to certain conditions.

As regards personal expense, Islam lays down the condition that it should harm neither the morality of the person himself nor jeopardise public interest in general. The individual is not allowed to drink wine, or indulge in fornication nor is he permitted to fritter away his wealth in gambling. He is absolutely forbidden to have recourse to any form of unlawful pleasure. He must not eat in vessels of gold and silver, so much so that if he adopts an abnormally high style of living, checks may be applied against him. As regards saving a portion of one's wealth and withholding it from circulation, Islam disapproves of it.

Islam enjoins that savings should be put into lawful channels of circulation.

Upon individual holdings Islam imposes Zakat under a special law, so that a portion of such holdings is compulsorily transferred to deprived sections of society and public services. Upon study you will find that piling up treasures is one of those practices which have been most vehemently denounced in the Quran. Treasures of gold and silver built up by the people will be used to brand them in hell, says the Quran. This is because Allah has created wealth for the good of mankind. So no one has the right to store it. The right course is to earn by lawful means, spend on one's legitimate needs, and put the savings into lawful channels of circulation.

For this same reason, Islam forbids hoarding also. Hoarding is defined as wilful storing up of goods with a view to creating shortage and raising prices. This is banned by Islamic law. A man should trade in a fair manner. If you have stocks for sale and there is a demand for them in the market, you have no rational cause to withhold their sale.

Wilful hoarding with a view to creating shortage turns a trader into a robber. That is why Islam opposes the creation of unfair monopolies, for they prevent the access of common people to economic resources. Islam forbids the reservation of certain

economic opportunities or means for a few privileged individuals, families or classes and debarring others from availing these opportunities or means.

If at all any kind of monopoly is held lawful by Islam, it is that which is absolutely essential for securing public good. Otherwise Islam keeps the field of economic activity open to all, allowing maximum scope to individual enterprise. If an individual wishes to put his savings to work, he can only do so in ways which have been approved by Islam. Unlawful means as indicated above cannot be used.

Social Rights

Again Islam imposes social rights over individual wealth in various forms.

You will find in the Quran that the rights of kindred have been mentioned. This implies that apart from himself, his relatives too have a claim on his personal wealth. Each member of the society who possesses surplus wealth is individually responsible for rendering assistance according to his means to such of his relatives as cannot obtain adequate livelihood. If each family in a nation realises this duty all families would be provided for and a family needing external assistance would scarcely be found. That is why under the head of حقوق العباد Rights of Man, the Holy Quran accords the foremost place to the rights of parents and kindred.

Similarly the Holy Quran imposes the right of neighbours upon an individuals' wealth. This implies that the affluent of each locality, street or ward are under an obligation to support the relatively less fortunate and indigent families of the same area. Next to these two obligations, the Holy Quran puts every well-to-do person under an obligation to support to the best of his means anyone who solicits or needs his assistance :

> "The supplicant (سائل) and the deprived has a right on the wealth of people. (Al-Qur'an)

The سائل is one who solicits your help. It does not mean the professional beggar. It refers to a genuinely needy person who solicits your assistance. Before lending assistance, however,

you must verify that his need is genuine. And if he is really needy and provided that you have surplus means, let it be known to you that he has right on your wealth.

As for the deprived, it refers to a person who does not solicit your assistance, but about whom you know that he is short of means or is totally deprived. This person, too, has a claim on your wealth. Besides these rights, Islam has issued a general injunction to Muslims to spend in the way of Allah and has thus established the claim of society and state on individual's wealth. The purpose of this injunction is to inculcate in a Muslim the qualities of generosity, large-heartedness, consideration and philanthropy. Not out of selfish motives, but for winning the goodwill of Allah alone, a Muslim should generally spend his wealth in all works of common good and to fulfil every need of religion and society. This is a tremendous moral spirit which Islam breathes into each individual Muslim through education and training and the general environment of Islamic society, so that not by coercion but by free-will he should promote the common good of society.

Zakat

Next to this voluntary spending, there is another compulsory levy imposed by Islam i.e., Zakat, which is imposed on accumulated wealth, trade goods, various forms of business, agricultural produce, and cattle. Its purpose is to create a fund for the support of economically depressed classes.

These two kinds of spending are comparable to '*Nafal*' (optional) *Namaz* and '*Faraz*' (obligatory) *Namaz*. You can offer *Nafal Namaz* as much or as little as you like. The more spiritually advanced or the nearest to Allah you would like to be, the more Nafal Namaz you would offer. But Faraz Namaz is an obligation which you must perform. The like is the case with 'spending for the sake of Allah'. One form of such spending is voluntary, but the other form is obligatory and this you must perform, provided that your wealth exceeds the statuory limit.

You must disabuse your mind of the notion that Zakat is some kind of tax. It is not a tax, but a form of devotion, in fact

like Namaz, it is an important article of faith in Islam. The conceptions of Zakat and the Tax are poles apart. Tax is levy forcibly imposed on a person and the person on whom it is imposed may not necessarily like it. The tax-payer is not the disciple of the tax-collector, nor does the former believe in the righteousness of the latter.

The payer considers the tax as an exertion, resents it and resorts to several devices to dodge it without detriment to his faith. Again the basic difference between the two is that tax is imposed to meet the expense of public services i.e. the payer receives some benefit in return for the tax: The fundamental idea behind taxation is that if you demand the provision of certain services by the state, you should pay to the state a proportionate rate on your wealth. This tax is a sort of subscription which is exacted by force of law for the provision of Public service of which you are a beneficiary. In contrast to this Zakat is a form of devotion, much like the Namaz. It is levied by no act of Parliament of Legislative Assembly. It is imposed by Allah, Whom every Muslim acknowledges as his rightful Deity. Any man who wished to preserve his faith cannot resort to evasive tactics or cheating in the payment of Zakat. Indeed even if there is no external agency to assess and receive Zakat from him, the faithful will personally assess his Zakat and pay it voluntarily. Again the revenue of Zakat fund is reserved for those classes only who for cause or the other, have received little or no share from the common wealth, or are deprived, temporarily or permanently.

In its natural basis, spirit and form the Zakat is quite unlike the tax. The Zakat fund cannot be channelled into road, rail or canal building or administrative account, but is meant for fulfilling the rights of specially deserving persons as an act of worship ordained by God. It is one of the five articles of faith in Islam and no benefit of Zakat save the goodwill of Allah and reward in the Hereafter can accrue to the donor.

Some people suffer from the illusion that there is no tax in Islam save Zakat and Kharaj (land tax). But the Holy Prophet

(peace and blessings of Allah be upon him) has clearly declared :

"There is a claim on the wealth of the people above and beyond Zakat".

As a matter of fact the taxes abolished by Shariat were those which were imposed by Caesars, Emperors and their nobles in order to fill their personal coffer and for the receipt and expense of which they were accountable to nobody. As for those taxes which a Government run on the principle of Shura (i.e. a government in which decisions are made in consultation with an advisory council) levies by popular consent and advice ; the receipts of which are deposited in the Public exchequer to be spent in consultation with the people for which the Government is accountable to the public.... for the imposition of such taxes there is no bar in Shariat. If prior to the establishment of the Islamic Government, there exists in society an iniquitous class system, or some classes have grabbed exorbitant wealth by unlawful means, the Islamic Government can remedy these ills by levying taxes rather than resorting to confiscation of Property. The Government can also put in force other Islamic laws, to break the concentration of wealth.

The resort to confiscation of Property necessitates the delegation of such autocratic powers which once given cannot be limited. Thus one tyranny is succeeded by a worse one.

Law of Inheritance

In addition to this, Islam has also enacted a law of Inheritance which purports to distribute the estate of the deceased according to a fixed rate over the widest possible circle of inheritors. The first line of heirs to the wealth of a deceased person are his mother, father, wife and children. Next come his brothers and sisters. In the third line stand the close relatives of the deceased.

If a man dies intestate the whole nation is his heir and his entire estate shall be transferred to the Public exchequer.

These then are the principles and laws which Islam sets down for the ordering of our economic life. Within the scope

of these laws you may devise any form of economic system. The working out of details is left to each generation according to time and need. The essential condition is that neither *laissez faire* capitalism nor Communistic porgramme of total nationalization of economic means should be adopted. We must devise a system of regulated free economy in which the doors of the moral development of man is left open, and in which there is least need for legal measures to induce the individual to contribute to Public good ; in which there is no room for the growth of unnatural classes by unjust means ; and in which the relations among natural classes are based on cooperation rather than conflict.

In this economic system all means of earning wealth prescribed by Islam shall be declared illegal and all means of earning wealth approved by Islam shall be declared valid under law.

All rights of ownership and use of lawfully earned wealth which have been recognised by Islam shall be enforced. Zakat will be a compulsory duty and all persons possessing the requisite amount of wealth shall pay it. The estate of the deceased shall be distributed in accordance with the law of Inheritance.

Within these bounds the individual shall be allowed full freedom of economic endeavour. No system based on regimentation and curtailment of individual freedom shall be devised. Under the system of free economic enterprise if individuals adhere to justice and fairplay, the law shall not unduly interfere with them. But if they do not act justly or flout the law or seek to establish unfair monopolies, the law will inevitably move against them, not to forfeit their fundamental freedom, but to keep them on the track of justice and prevent them from exceeding the bounds.

So far I have replied to the first part of the question. Let us turn now to the second part viz. the role of land, labour, capital and management in this scheme.

The Role of Labour, Capital and Management

To gain an understanding of this subject I would advise you

to study the Tenancy and Partnership Laws as given in the books of Fiqh.

The old Muslim authors do not discuss Land, Labour, Capital and Organization as economic factors as modern economists do, nor have they produced separate works on this subject. These topics have been dealt with under various chapters in the books of Fiqh, in a terminology which is different from that of modern economic science. Anyone who is not a slave to terminology, but has an understanding of the real subject-matter and problems of economics will readily comprehend the economic concepts contained in the text-books of Islamic Fiqh. The tenancy and partnership laws as enunciated in the Books of Muslim Fiqh make the Islamic viewpoint on Land, Labour, Capital and Management completely explicit. Tenancy denotes that the land is owned by one and tilled by another and both are shareholders in the produce of the land.

Partnership implies that one man advances the capital and another uses it in a business venture while both share in the profits. The manner in which in these transactions Islam has recognised the rights of the landowner and the capitalist on the one hand and the tiller and the business entrepreneur on the other clearly shows that Islam regards both land and human labour as economic factors.

Capital too is an economic fector and so are human labour and managerial talent. Each of these factors justifies a share in the profits. Initially Islam leaves it to custom to determine the ratio of the distribution of profits between these factors so that if individuals are doing justice to one another according to usage, the law should not meddle in their affairs. But if justice is not being done in a particular case, it is the duty of the law to establish and enforce the bounds of equity. To take an example, if I am a land owner and lease my land to someone on *batai* (crop sharing), or employ a labourer to till the soil or lease it out on contract, and the terms in each case are settled justly according to usage, the law need not interfere in my business. However, if I deal unjustly, the law has the right to intervene.

The law can set down rules and regulations of Tenancy, so that neither the right of the landowner nor the right of the labourer is infringed.

Likewise in commerce as long as transactions are made between Capital, Labour and Management on just principles and no one is usurping the right of the other or dealing unfairly with another, the Law shall not intervene. However, if unjust practices creep into these transanctions, the Law has not only the right to interfere but is duty-bound to frame such equitable regulations for the distribution of Profits among Capital, Labour and Management.

Zakat and Social Welfare

Consider the second question now i.e. can the Zakat and Sadqat funds be channelled into projects of social welfare.

The answer is that Zakat and Sadqat revenues are meant for social welfare. However, it must be borne in mind that if by social welfare is meant the expenditure of Zakat revenue on the economic development of the country as a whole, is this unlawful.

Zakat fund, as I have said above, is in fact meant to provide the necessities of life i.e food, dress, shelter, medical aid and education to every citizen and to supply the economic needs of all those classes in the society who are either unable to earn their livelihood. i.e. orphans, the old and the disabled, or those who cannot earn their livelihood due to paucity of means or those who may by enabled to stand on their feet with little help, or those who have suffered some setback.

Zakat has been established to assist the above-mentioned categories. For general economic development the state must find other means.

Interest-free Economy

The third question put to me is: Can we establish an interest-free economic system ? My answer is that we certainly can. This system has remained in operation for centuries in the past and if you resolve to establish it today and renounce loyalty to foreign doctrines, you will not find the task too difficult. World economy operated on interest before the advent of Islam just

as it does today. Islam altered this economic system and abolished interest. Interest was banned first in Arabia. Later in whichever land the reign of Islam was established, there usury was declared illegal and the entire economic system operated for hundreds of years and there is no reason why it should not work now. If we possess the ability of *Ijtihad* (enlightened judgement), have the power of faith and the will to abolish what God has forbidden we can certainly run our monetary and economic system without interest even today. I have elaborately explained in my work 'Sood' that there is in fact no terrible difficulty in the attainment of this goal. The problem is clear and simple. The capital has no right to assume the form of debt and exact a fixed rate of interest, regardless of whether the workers or management gain any profit or not. The real defect in *Sood* lies in the fact that a person or an organization advances capital in the form of a loan to industry, trade, and agriculture and settles a rate of interest in advance. The creditor has no concern with the profit or loss within the stipulated period or with the rate of profit if the venture is running in profit. The creditor receives the fixed rate of profit month by month or year by year and retains his claim on the capital. It is this practice that we wish to abolish. No one in the world can justify it on rational grounds. No argument can prove its validity. In contrast to this the principle enunciated by Islam is that if you advance a loan, you are entitled to receive the capital only and nothing more. But if you wish to secure profit, you should enter into straight partnership or become a shareholder. You should invest your capital in Agriculture, Trade or Industry on the condition that the profit shall be divided between you and the entrepreneur according to a fixed ratio. This is what justice demands and this is how economic life can prosper. What obstacle is there in the way of abolishing interest and enforcing this alternative practice. The capital now advanced as loan should henceforth be invested on partnership basis. The profit accounts may as easily kept as the interest account. There is no special difficulty in respect of blind accounting.

The problem is that we lack the capacity of *Ijtihad* (enlightened judgement) and blindly follow precedents established in the past, rather than seek new solutions by the exercise of *ijtihad*. The poor Mulla is blamed for blind imitation and total lack of capacity for *ijtihad*, yet the fact is that it is the laity who are blind and unprepared for the exercise of *ijtihad*.

Had this malaise not crept into Muslim society, the problem would have been solved by now.

Correlation among Economic, Political and Social Orders

The final question is: What according to Islam is the correlation among Economic, Political and Social orders? The answer is that the correlation among these is the same as among the root and the trunk and the branches, and the leaves. It is a single system which arises from faith in the unity of Allah and the prophecy of the messengers. The moral system, the system of worships or the religious system as you call it, the social, the economic and the public system—all these systems form the same faith. These systems are indivisible and form one organic whole. If you believe in God and His Apostle and if you are convinced that Quran is the Book of God, then you will inevitably adhere to the same moral principles which Islam teaches and follow the same political rules which Islam enunciates. It is on the foundation of these principles that you will raise the edifice of social and economic life. The same faith which impels you to say prayers also binds you to conduct business according to its dictates.

The religious code which regulates fasting and performance of Hajj also governs the judicial process and the affairs of the market place. In Islam the religious, political, economic and social systems are not separated entities, but are organic part of the same whole. In the absence of faith in God and His Apostle, in the Last Day and in word of the Quran, the establishment of Islamic polity is neither possible nor workable. The base of the political system of Islam is the belief that God is the sovereign; the Apostle His emissary; the Quran His Decree which must be obeyed; and all of us in the end are accountable

to God. Hence it would be fallacious to conceive that in Islam political or economic orders can ever be divorced from the religious or moral orders.

Anyone who has studied Islam and has an enlightened belief in its doctrine cannot conceive for a single moment that as a Muslim his economics or any department of his life can ever be dissociated from religion or that a system of life in which political or economics, the court and the law are regulated under an un-Islamic system and devotion to Islam is nominal only, can ever be called Islamic.

Islam and Social Justice[1]

Falsehood under the Cloak of Righteousness

One of the strongest wonders of the lofty scale on which Allah has created man is that man is seldom inclined towards open sedition or unveiled mischief. Satan is, therefore, often obliged to set his proposal of sedition and mischief before man in the guise of goodness and virtue. In Paradise Satan could never have deceived Adam (peace be upon him) by openly admitting to him: "I want you to rebel against God so that you may be expelled from Paradise." On the contrary Satan deceived Adam (peace be upon him) by saying:

> "Come! Let me show you the tree of eternal life and everlasting kingship." (Surah Taha : 120).

From then to now, man's nature has remained unchanged. Even today all the errors and blunders into which Satan is leading man are winning popularity and acclaim because of deceptive slogans and because they are cloaked under a false garb.

Delusion No. I – Capitalism and Secular Democracy

A major deception among all these is the promise of 'social justice' which is being held out to humanity in modern times. For a long time before this Satan has been playing a fraud on the world in the name of 'Individual Liberty' and 'Liberalism' and on the basis of these doctrines Satan inspired the establishment of capitalism and secular democracy in the 18th Century. There was a time when the capitalist and secular Democratic Order had gained such ascendancy over the intellect of man that it was considered as the acme of human development and

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1. (This article was read at the Congress of 'Motamir Alam-i-Islam' held in the Holy City of Mecca on the eve of Hajj 1381-H corresponding to 1962 A.D.)

every man who wished to be known as progressive was obliged to chant the slogans of 'Individual Liberty' and 'Liberalism'. The people believed that if there ever was an ideal system of human life, it was capitalism and secular democracy as established in the West. Soon, however, a stage was reached when the whole world came to realise that this diabolic system had filled the world with tyranny and oppression. After that it became impossible for the cursed devil to deceive mankind with these slogans anymore.

Second Delusion—Social Justice and Communism

However, it was not long before the same devil reappeared with a different trick in the name of 'Social Justice' and 'Communism' and under these chimeras he is now busy establishing a new system. This new system has by now plunged several countries of the world into a state of such great tyranny that past history fails to produce an equal to it. Yet this system has such a great potential for deceiving mankind that many other countries are preparing to embrace the fraud, believing it to be the apex of human progress. Todate the fraud has not yet been fully exposed.

Extreme Intellectual Slavery of the Intelligentsia

The position of the Muslims is that they possess an eternal and everlasting guidance in the form of a Divine Book and the Sunna (Precedent) of Allah's Prophet (peace and blessings of Allah be upon him). This guidance is sufficient to warn them against the doubts sown by Satan and is enough to show them the right path in all affairs of life till eternity. But this group of intellectual bankrupts are ignorant of their own religion and have abjectly surrendered to the cultural and intellectual of the colonialists. Hence each slogan which rises from the camp of the world powers is immediately echoed by this group. In the period when the ideals of the French Revolution held sway, every educated person in Muslim countries felt duty-bound to pay lip service to these ideals day in and day out and endeavoured to throw himself into their mould, for he feared that if he did not do so he would gain no respect and would be condemned as a reactionary. When this period came to an end

and the old era gave place to the new, the centre of devotion of our modern intellectuals shifted ground and the votaries of socialism and communism sprang up among us. Things were within tolerable limits upto now. But it is outrageous that a group among us has always risen with the demand that each time they change their centre of devotion Islam should also transfer its devotion to the same centre. In other words, these miserable waits cannot live without Islam. They must keep Islam in toe. It is their wish that Islam should rid itself of the charge of a reactionary religion by adopting those ideals which they have embraced to achieve 'progress' in the world. It was on this basis that efforts were made formerly to prove that the western doctrines of 'Individual Liberty', 'Liberalism' and 'Secular Democracy' were in consonance with Islam. It is on this basis again that they are making efforts to conclude that the communist doctrine of social justice is contained in Islam. At this point, the intellectual slavery and the scale of their ignorance touches the ultimate limit of depravity.

The Real Nature of Social Justice

In this brief article I wish to explain the real nature of Social Justice and the true form in which it can be established, even though there is very little hope that those who are bent upon enforcing the ideology of communism, believing it to be the only form of Social Justice, will ever admit their error and turn towards the true form of Social Justice. For as long as the ignorant wallow in their ignorance, the possibilities of their reformation and correction remain open to a large extent. But when an ignorant person comes into power, the illusion 'No one knows more than I' renders him incapable of comprehending any advice. But by the grace of God the common people are always amenable to reasonable warnings against the traps laid by the devil. But the misled and the misleading elements promote their errors by deceiving the same common people. Hence the purpose of my article, in fact, is to explain the reality to the common people.

Social Justice is found in Islam only

In this regard, the first point that I wish to impress upon

my Muslim brothers is that the people who raise the slogan 'There is Social Justice in Islam also' make a completely wrong statement. The correct statement would be "There is Social Justice in Islam only". Islam is the righteous code which the Creator and the Lord of this universe has transmitted for the guidance of mankind. To establish justice among men and to determine what is just and what is unjust is the prerogative of the Creator and Lord of mankind alone. None else beside Allah has the authority to determine the scale of justice and tyranny, nor is anyone capable of establishing true justice. Man is not his own master or ruler that he should exercise the authority of devising a scale of justice for himself. Man's position in the universe is that of a subject and a subordinate. Hence to determine the scale of justice does not lie in his power but is the prerogative of his Master and Ruler. Again even if a single man, however, high his calibre or a combination of several men of high talent were to exercise their mental faculties, human knowledge at all times remains restricted by several errors of judgement, inaccessibility to reality and the encroachment of prejudice or bias upon human reason. Hence there is no possibility that man will ever succeed in evolving a system based on true justice. A system evolved by man may appear just on paper, but practical experience soon uncovers the unjust foundations upon which it is based. For this reason every man-made system, after being in force for some time, is ultimately found to be defective ; and feeling disgusted with it, man proceeds to launch another foolish experiment. True justice may only be found in a system framed by the Unseen and the Seeing, the Fair and the Holy Being.

Justice is the only Objective of Islam

Another point which must be grasped at the outset is that a person who say 'There is Justice in Islam' speaks less than the truth. The truth is that justice is the only objective of Islam and the revelation of Islam has no other purpose than to establish justice. Allah affirms :

"We sent Our Messengers bearing bright tokens and We sent the Book and the Scale with them so that man

should stand on justice and We sent iron which has great strength and has many uses for the people so that God may ascertain who, without seeing, follows Him and supports His Messengers. Surely, Allah is Strong and Powerful."

These then are the two points which if a Muslim were to keep in mind for ever, he would never leave Allah and His Messenger (peace and blessings of Allah be upon him) and look for other sources in his quest for Social Justice. The moment man realises the need for justice, the truth will dawn upon him that no one carries or can carry justice except Allah and His Messenger (peace and blessings of Allah be upon him), and, finally, he will come to the conclusion that in order that justice may be established nothing else is to be done except to promulgate Islam, total Islam, Islam without adulteration or distortion. Justice is not a separate entity from Islam. Islam itself is justice. The promulgation of Islam or the establishment of justice is one and the same.

Social Justice

We must deal with the question now as to what is the real nature of Social Justice and what is the correct form in which it may be established ?

The Development of Human Personality

Each human society is made up of several thousand or many millions of human beings. Every single member of this composite whole is endowed with spirit, reason and sense. Each individual has a permanent personality which requires opportunities for the full realisation of its potential. Everyone has individual taste, some inclinations and yearnings of the soul, some needs of the body and spirit. These individuals are not mere static nuts and bolts of a machine, required only to keep the mechanical monster in running order. On the contrary, human society is a corporation of living human beings. The individuals do not live for society ; the society lives for individuals. And individuals combine only to procure needs and satisfy the demands and instincts of their body and soul with mutual assistance.

Individual Responsibility

Again each one of these individuals is personally responsible to God. Every single person has to complete a certain period of trial (the duration of which is specified for each individual) in this world and then has to render accounts in the court of God as to what did he make of himself with all the powers and gifts he was endowed with and the means which were furnished to him. This accountability of man to God is not collective but individual. Families, tribes or nations shall not be made to stand in the dock collectively. God shall sever every man from all connexions and call him to account separately for his personal deeds in the mortal world as also the state in which he has entered eternity.

Individual Liberty

These two points—the development of human personality in the mortal world and the accountability of man in eternity—demand freedom of the individual in this world. If an individual cannot find suitable means for development of his personality in a social environment, his inner humanity is frozen, he suffers from asphixia, his powers and talents are demented and finding himself a helpless prisoner of the social circumstances he falls an easy prey to stagnation and corruption. Moreover, in the eternal world the responsibility for the sins of these helpless and suppressed people in most part shall rest upon who have devised and enforced this tyranny, not only will they be called to account for their individual deeds, but they shall also be held accountable for imposing a ruthless system, thereby forcing the unwilling masses into becoming defective characters. It is evident that in the end no righteous person can ever think of presenting himself before God with such an onerous burden laid upon his shoulders. If he is God-fearing, he shall certainly be inclined to grant the maximum liberty to individuals, so that each individual should develop on his own responsibility, thus acquitting the executive authority in a soical system from any blame on account of the delinquent character of a member of the society.

Social Institutions and their Authority

So much for the Individual Liberty. Let us now turn our

gaze towards the society which evolves stage by stage from families through tribes and nations into the whole of mankind. The genesis of this society is the union of man with a woman and their progeny which make up a family. Many such families form a tribe or a clan, which in turn combine to found a nation. The nation, in order to enforce its collective will, establishes a Government. The real purpose for the existence of these social institutions in their various forms is that the individual under the patronage and security of these institutions, should avail such chances for self-improvement as he cannot obtain on his own. But this fundamental objective cannot be achieved without ensuring that each institution should exercise power over the individual and the big institution should control the smaller institutions in order that (1) they may prevent an individual from crossing the bounds of his liberty and violating the liberty of another individual, (2) they may obtain such service from individuals as is required for the well-being and advancement of all members of the society. This is the stage where we confront the question of social justice and conflicting demands of individualism and collectivism assume the form of a tangle. On the one hand, human welfare demands that the society should allow the individual freedom to develop his personality in accordance with his capabilities and ideals. And in the same manner, the family, tribe, clan and various groups should enjoy such liberty as is absolutely necessary for them in their own sphere of activity. But on the other hand human welfare also demands that the family should exercise authority over individuals, the tribes and clans over families and finally all individuals and small institutions should come under state control so that none of them may exceed its limits and subject the other to tyranny and oppression. Proceeding further we come across the same problem in relation to the entire humanity. On one side the liberty and sovereignty of the Nation and the State must be preserved, on the other it is imperative that there should be superior Authority to regulate the inter-state and inter-national affairs so that the nations and states may not

exceed their bounds.

Now the real substance of social justice is that all individuals, families, tribes, clans, nations should enjoy a reasonable measure of freedom. Simultaneously to prevent tyranny and violation of each other's rights various social institutions should exercise control over individuals as also over one another and at the same time it should also be possible to mobilise individuals and institutions to serve the cause of common welfare.

The Defects of Capitalism and Communism

Whoever fully appreciates this fact will at once realise that as the concepts of individual liberty, liberalism, capitalism and the system of secular democracy thrown up by the French Revolution were contrary to social justice so in the same measure, may even on a greater scale, is the communism that is being adopted in conformity to the thesis of Karl Marx and Engels inimical to social justice. The defect of the former system was that it allowed liberty to the individual to such an improper extent that the individual enjoyed unhindered freedom to exploit such institutions as the family, tribe, clan, society and nation. Moreover, with a view to activating the individual for achieving collective well-being, it greatly relaxed social control of the community over individuals. The folly of the latter system is that by establishing a totalitarian State, it completely suppresses the freedom of individuals, families, tribes and clans, and in order to harness the individual to the service of the collective, this system vests such great power in the State that the living human beings are reduced to the level of inanimate cogs of the machine. He who claims that communism establishes social justice is a liar.

Communism is the Worst Form of Social Tyranny

In truth communism is the worst form of social tyranny such as was unknown even in the times of Nimrod, Pharaohs or Changez Khan. How can a rightminded person interpret it as social justice when one man or a coterie of men sit together and formulate a social philosophy of their own and then use the illimitable power of government to impose this philosophy

by force upon millions in the country. How can any rational person believe that they establish social justice when they exappropriate the property and land of the people, nationalise the industrial units and turn the whole country into a prison camp in which all doors of criticism, petition, complaint, writ or equity are tightly shut. How can there be social justice in a country in which there is no party, no organisation, no forum where people may air their views, no press to mirror public opinion and no court of judicature to which the people may turn to obtain justice. Can the ends of social justice be met in a country in which the espionage network is so widespread that every person may suspect the other of being an informer; where before uttering a syllable even in the privacy of the home a man should look around for a lurking listener ready to carry the intelligence to the Government? Again what fair-minded judge will call it social justice when elections are held to play a fraud on democracy and the election machinery is so manipulated that no one who dissents from the authors of this social philosophy may stand in these elections, nor may any man of independent opinion or a conscientious person intrude into the electoral process.

Supposing this doctrine brings about an equal distribution of economic wealth—although no form of communism anywhere has succeeded in achieving this—what then, shall we say that justice is synonymous with economic equality? I am not posing the question whether there is economic equality between the rulers of this system and their subjects. I also do not ask whether the dictator and the farmer enjoy an equal standard of living in this system. I only wish to know whether if complete economic equality is really established among all these people, will it be called social justice? Would it be a just system in which the dictator and his henchmen are free to impose their self-conceived philosophy upon the people by the force of police, army and the intelligence system whereas the freedom of an individual member of the nation to speak but one word of criticism on the philosophy, or the least action or part of an action of the ruling clique is prescribed? Is it justice that whereas the dictator

and his few cohorts are vested with the right of using all means of communication in the country to dissimilate their doctrine and to set up all kinds of organisations and not even two persons among the dissenters may be able to organise themselves into a body, or to address a meeting or public a single line in the press? Is it right in the name of justice to evict all landholders and owners of industries and to make the Government the sole proprietor of land and industry—a Government which is run by an oligarchy who take all possible measures to incapacitate the nation and eliminate all chances of the transfer power into alternative hands? If man is not merely a consuming animal and if human life is not merely an economic egalitarianism be equated with justice? If by clamping tyranny and oppression in all walks of life and by suppressing all other facets of life, an equal distribution of economic wealth between the people does take place and the dictator himself and his agents do come down to an equal standard of living with the general run of people, even then the setting up of such equality by means of great oppression shall not be regarded as just. On the other hand, as I have pointed out before, this kind of barbarous inequity has never before been witnessed in any epoch of the history of man.

Islamic Justice

I shall now lay before you in brief terms the substance of justice in Islam. There is no scope in Islam for any person or group of persons to evolve a private philosophy of justice in human life, to formulate plans for putting this philosophy into practice, and then to impose it upon the people by force without suffering anyone to utter a word against it. Abu Bakr Siddique and 'Umar Farooq (God be pleased with them) apart, such privilege was inadmissible even to Muhammad (peace and blessings of Allah be upon him). Dictatorship has no place in Islam. It is the prerogative of God alone that human beings should bow their heads unhesitatingly before His Ordinances. Prophet Muhammad (peace and blessings of Allah be upon him) was himself obliged to carry out Divine Commands and it was obligatory to obey the injunctions of Muhammad (peace and blessings of Allah be upon him) only because he promulgated orders on

behalf of God rather than (Forgive God !) enunciating a philosophy formulated by his own soul. In the system of Government set up by the Holy Prophet (peace and blessings of Allah be upon him) and his right-guided Caliphs (may Allah be pleased with them) only the Divine Sharia' was above criticism. Excepting this limit, every person was free to speak on all matters at any time.

The Bounds of Individual Liberty

In Islam Allah Himself has confined individual liberty within reasonable limits. He Himself has debarred an individual Muslim from indulgence in certain forbidden acts and has enjoined certain duties which a Muslim must perform. He has clearly delineated the rights and obligations of an individual Muslim vis-a-vis the others. He has identified the lawful means of acquiring ownership of property and goods and such other illicit means of acquiring property as render its ownership unlawful. God has appointed duties upon the society which it must fulfil for the welfare of the individual. He has imposed restraints upon the liberty of individuals, families, clans, indeed the whole nation, in the interest of the well-being of the society and has made certain obligations compulsory which individuals as well as institutions must discharge in the service of society. All these rules are written in the permanent constitution given in the Book and the Sunna. No one has the authority to revise this constitution, and none has the right to make additions to or deletions from its body. According to this constitution, a person definitely has no right to exceed the limits of the individual freedom laid down in the constitution. Conversely no one is authorised to curtail the scope of individual freedom envisioned in the constitution. Under this constitution, a person is obliged to shun such means of income and expenditure as have been declared illicit and in case he violates this rule he is liable to dire punishment, but the individuals rights of ownership over such wealth and property as has been acquired through lawful means are guaranteed and no one can deprive the individual from the righteous means of enjoying his wealth. Similarly, a person is duty-bound to perform such obligations as have been laid upon him for the

collective well-being, but no burden in excess of this may be forcibly thrust upon him, except if he voluntarily agrees to assume extra responsibility. The same applies to the society and the State. It is strictly binding upon the society and the State to discharge their obligations towards the individual as it is their legitimate right to compel the individual to perform his obligations towards them. If this permanent constitution is enforced, it will establish such a perfect system of social justice that it will leave nothing to be desired. So long as this constitution exists, even the most ingenious and relentless efforts of a man will fail to mislead the Muslims into equating communism (which he has borrowed from alien sources) with Islam.

The Islamic Constitution sets up a balance between the rights of the individual and the rights of the society. It concedes only so much freedom to the individual that he may not put the collective interest in jeopardy. On the other hand, it denies power to the society to curtail such freedoms of the individual as are essential for the fuller development of his personality.

Conditions for the Exchange of Capital

Islam recognizes only three modes of transference of wealth to an individual : (1) Inheritance (2) Gift (3) Business. Inheritance is valid only if it is transmitted from the legitimate owner of goods to his heir through lawful means. Gift is valid only if the lawful owner of a thing presents it in accordance with the tenets of the Shar'iah. If the donor of a gift be a Government, it is valid only if it is given instead of some righteous service or when it is given out of the State treasury in accordance with regular procedure for the collective well-being of the people. Moreover only a government which is run by consultation under the rules of the Shar'iah and which is freely accountable to the public for its actions As for the vocation, only such is lawful as is not practised by unlawful means. Vocations involving pilferage, usurpation, wrong measures, breach of trust, bribery, embezzlement, prostitution, hoarding for profit, usury, gambling, fraudulent bargaining, manufacture or sale of narcotics and propagation of obscenity are forbidden in Islam. Whoever earns wealth according to the means prescribed by Islam can lawfully

keep such wealth, however, great or small it may be. No maximum or minimum ceiling may be placed on the possession of this lawful wealth. The possession of a small amount of wealth is no justification for robbing others to arugment one's holdings, nor is the ownership of a large amount of lawful wealth a sufficient ground for forcibly dispossessing the owner of his wealth. Nevertheless as regards the wealth which has been gained by transgressing the lawful bounds, the Muslims are well within their right to ask :

(Where did you obtain this wealth) ? In the first place, a judicial inquiry must be held about the sources of this wealth. Then if it is proved that this wealth has not been earned through lawful means, the Islamic Government is fully justified in confiscating it.

Restrictions on the Spending of Wealth

The individual is not completely free to expend even the lawfully earned wealth, but has been placed under legal restraints in this respect so that no one may spend his wealth in a way which is detrimental to the society or which puts the man's own faith and morality in jeopardy. Islam forbids anyone to spend his wealth on illicit and dissolute pastimes. Drinking and gambling are prohibited. So is adultery. Islam does not acknowledge the right of anyone to capture free persons and turning them into slaves. Similarly, Islam does not concede the right of anyone to buy or sell them so that wealthy should fill their harems with purchased female slaves. Islam sets limits to extravagance and lavish and generosity. Islam does not approve of the circumstance that while you eat and drink lavishly, your neighbour should go to bed hungry. Islam allows man to enjoy his wealth by lawful means and only according to the rules prescribed by the Shar'iah. And if a man desires to utilise his surplus wealth to earn more wealth, he can do so only by practising a lawful business. He cannot transgress the bounds which the Shar'iah has established for earning wealth.

Social Service

For the sake of social welfare, Islam levies Zakat (wealth

tax) on every person who possesses wealth above a prescribed limit. Besides, it imposes specific duties on the sale of goods, produce of the land, cattle and certain other forms of wealth. Take any country of the world and on computation you will find that if Zakat is regularly collected there according to the methods of the Shar'iah and is then regularly disbursed on expense heads drescribed by the Qur'an, within a few years, it would be difficult to find in that country a single person in need of the necessaries of life. After the payment of Zakat, any wealth that has accumulated in the possession of man, must, according to Islamic law, be distributed among his heirs, so that this concentration of wealth may not assume a permanent and solid form.

Liquidation of Exploitation

Although Islam approves of the principle of open and free bargaining according to approved methods and settlement of disputes by mutual consent between the landlord and the tenant and the industrialist and the worker, yet wherever oppression and exploitation is being practised, the Islamic Government has the right to intervene and restore justice by taking legal measures.

The Limits of Nationalisation in the Public Interest

Islam does not regard it as unlawful that the government should run an industry or business under its own control. If the setting up of an industry or business is needed in the public interest, but the individual entrepreneur is not ready to undertake the project or else its management by private individuals is likely to be detrimental to public interest, the government can take over the management of this business and industry. Similarly, if the running of an industry or business under private management is derogatory to public interest, the government can nationalise this industry or business and make suitable alternative arrangements for its functioning. There is nothing in Shar'iah which prohibits the adoption of such measures. But Islam does not accept the principle of total state control of the means of producing wealth which makes the State the sole proprietor of industry, business and land in the

country.

The Rules Governing the Expense from the State Treasury

It is a definite rule of Islam that the Bait-ul-Mal (State Treasury) is the property of Allah and the Muslim people and no single person has a proprietary right over it. Like all other matters concerning the Muslims, the management of the Bait-ul-Mal must be conducted in Council with the whole nation or their free representatives. Whatever is taken from a person and on whatever account the money is expended, all transactions must be settled in strict conformity with the rules of Shar'iah and the Muslim people have an inalienable right to question such transactions.

An Inquiry

While concluding this speech I put it to all thinking persons. If social justice means economic justice; is not the economic justice established by Islam adequate for us ? Is there any reason after the establishment of the economic justice envisaged by Islam which necessitates the suppression of individual freedom, confiscation of individual property and the reduction of the whole nation to the position of serfs to a handful of masters ? After all what prevents us Muslims to inaugurate Islamic Constitution and pure Islamic Law in our own States and to enforce the body of Divine Law in its entirety. The day we accomplish this not only will we stand in no need of any favour from communism, but the countries infatuated with communism having observed our system of life will come to feel that the light for want of which they had been groping in the dark is in front of their eyes.

The Difference between Capitalism and Islam

The Economic ideology enunciated by Islam offers the middle way between Communism and Capitalism. To build a practical system on the basis of its ideology, Islam presses into service both morality and law. By moral education Islam trains each individual follower to offer voluntary obedience to its system. Further, it imposes such legal restraints upon the individual as will compel him to remain within the bounds of the system. These moral principles and legal orders are the foundations and pillars of economic system of Islam and a detailed study of them is an essential prerequisite to understanding the spirit of this system.

Distinction between Lawful and Unlawful means of Earning Wealth

The first point to note is that Islam does not give an open licence to its followers to gain wealth, but in order to safeguard the corporate interest sets up a distinction between lawful and unlawful. This differentiation is based on the rule that all those means of gaining wealth are unlawful in which one man's profit means another man's or men's loss. On the other hand all those means of earning wealth are lawful which involve a fair exchange of profit between the concerned parties.

The Holy Quran enunciates this principle in the following words:

> "O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent, and kill not one another. Lo! Allah is ever Merciful unto you. Whoso doth that through aggression and injustice We shall cast him into Fire." (An-Nisa 29-30)

Trade in this ayat denotes exchange of goods and services for money. By imposing the condition of mutual consent all those forms of exchange have been declared illicit which involve

coercion of any sort, or deception or intrigue which, if it were known would have deterred the other party from consenting to the exchange. To lay further emphasis on the point it has been said لا تقتلوا انفسكم. This bears double meaning, both of which are implied here.

One, you should not kill one another. Second, do not kill yourself. The implication is that a person who earns profit at the expense of another is a blood sucker, and in the long term paves the way for his own destruction.

Apart from this basic injunction, the following forms of earning wealth have been declared unlawful at various points in the Holy Quran :

Bribery and misappropriation. (Al-Baqarah : 188)
Embezzlement of Public or Private Wealth. (Al-Baqarah : 283 : Al-i-Imran : 161)
Larceny. (Al-Māida : 38)
Unfair use of the Property of an Orphan. (An-Nisa : 10)
Short Weights and Measures. (At-Tatfeef : 3)
Trade lines which promote obscenity. (An-Nur : 19)
Income from Prostitution and Adultery. (An-Nur : 2-33)
Manufacture, Sale and Transportation of Liquor. (Al Māida : 90)
Gambling and all those means in which the passing of wealth from one party to another depends on mere chance or luck. (Al-Māida : 90)
Making and Sale of Idols and Services in or to temples. (Al-Māida : 90)
Fortune Telling and Drawing Lots (Al-Māida : 90)
Usury (Al-Baqarah : 275 : 280 : Al-i-Imran : 130)

Ban on the Hoarding of wealth

The second imporant order is not to hoard one's earnings, for this stops the circulation of wealth and creates imbalance in its distribution. The hoarder of wealth does not only suffer from grave moral ills but in fact commits a heinous crime against society the dreadful consequence of which ultimately visits on him. That is why the Holy Quran denounces stinginess and hoarding in the severest terms. It says,

" And let not those who hoard up that which Allah hath bestowed upon them of His bounty think that it is better for them. Nay, it is worse for them." (Āl-i-Imran : 180)

" They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings of a painful doom." (At-Tauba : 34)

This is a direct blow at the foundation of capitalism. The practice of hoarding wealth and its investment in productive ventures lies at the root of capitalism. But Islam disapproves of the hoarding of surplus wealth.

Injunction to spend

Islam enjoins spending, not hoarding of money. But this does not mean spending on luxury or squandering. Islam decrees spending with the proviso that money should be spent in the way of Allah—i.e. the individual should spend his surplus wealth on Social Welfare projects.

" And they ask thee what they ought to spend say : That which is superfluous." (Baqarah : 219)

" Show kindness unto parents, and unto near kindred, and orphans, and the needy, and unto the neighbour who is of kin (unto you) and the neighbour who is not of kin and the fellow traveller and the way farer and (the slaves) whom your right hand possesses. (An-Nisa : 35)

" And in their wealth the beggar and the deprived had an equal share." (Al-Zariat : 19)

At this point the Islamic doctrine presents a complete antithesis to the capitalist ideology. The capitalist believes that spending will impoverish him ; Islam says spending entails blessing i.e. the wealth will increase rather than decrease by spending :

" The devil promiseth you destitution and enjoineth on you lewdnesss. But Allah promiseth you forgiveness from Himself with bounty." (Al-Baqarah : 268)

The capitalist considers spending a loss ; Islam says spending is not loss but an investment which will ultimately return to you with added advantage.

"And whatsoever good thing ye spend, it will be repaid to

you in full, and ye will not be wronged." (Al-Baqarah : 272)

"And those who spend out of Our provisions openly and secretly anticipate a bargain which involves no loss at all. Allah will reward them a full return—nay will give them even more out of His bounty." (Fatir : 29-30)

The capitalist believes that hoarded wealth, when lent out on interest, brings in more wealth. Islam says that interest actually decreases wealth. The only means by which wealth may be increased is to invest it in pious works :

"Allah hath blighted usury and made almsgiving fruitful." (Al-Baqarah : 276)

"That which ye give in usury in order that it may increase on (other) peoples' property no increase with Allah, but that which ye give in charity seeking Allah's countenance hath incraesed manifold." (Al-Room : 39)

This is a new doctrine which presents a complete antithesis to capitalist theory.

Wealth increases by spending, the expended wealth does not go waste but rebounds to the owner with added advantage. Interest does not increase but decreases wealth, payment of Zakat and Charity adds to rather than diminishes wealth......... these doctrines do appear odd. One gets the impression that all these doctrines promise reward in the next world only. There is no doubt that the implication of reward in eternity does exist and Islam gives it the primary importance, but a deeper study of these doctrines would reveal that they have a sound economic footing.

The ultimate consequence of hoarding wealth and lending it out on interest is that wealth concentrates in the hands of a few individuals, purchasing power of the masses declines each day, industry, trade and agriculture enter into a phase of depression, national economy reaches the breaking point and finally all avenues of productive investment of hoarded wealth are closed on the capitalists themselves.[1]

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1. The statement of the Holy Prophet (Pbuh) :
"However high the interest it ultimately results in loss."
(Ibn-i- Maja-Baihaqi-Ahmad alludes to this very point.)

In contrast the advantage of spending money and payment of Zakat and charity is that wealth reaches all individuals in society and as each individual acquires sufficient purchasing power, industry flourishes, fields prosper, trade thrives and even if there be no millionaires or multimillionaires, everyone becomes affluent. The greatest proof of the validity of this doctrine is presented by current economic conditions in America[1]

Usury has created a chaos in the distribution of wealth, and depression in industry and commerce has driven national economy to the brink of disaster.

In contrast to this look at the State of Economy in the early phase of Islam, when after the full enforcement of Islamic Economic System the level of general prosperity rose to such a height that donors looked about for anyone deserving of Zakat and found none. A comparison between these two systems of economy will reveal how Allah blights usury and grants an increase to charity. Again the outlook developed by Islam is quite different from the capitalist outlook. The capitalist simply cannot imagine at all that a man can advance his money without interest to anyone. He not only charges interest on the loan, but to recover his capital and interest take out a court decree for the confiscation of the debtors' personal and household effects.

On the other hand Islam teaches that a loan should be given to the needy person, and not only that but also the debtor should not be subjected to pressure for the recovery of loan if he is indigent so much so that if he cannot pay at all, the creditor should write off the loan.

> "And if the debtor is in straitened circumstances, then (let there be) postponement to (the time of) ease ; and that ye remit the debit as almsgiving would be better for you if ye did but know." (Al-Baqarah : 280).

Co-operatives in Capitalist System are formed by subscribing members who alone can secure loans from their

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1. This refers to the dreadful depression prevailing in U S.A. at the time of writing.

co-operative at slightly less than market rate of interest. Thus a non-subscriber, is not eligible to raise a loan from the co-operative society. By contrast in the co-operative system envisaged by Islam the affluent sections will not only lend money to the poorer sections whenever required, but also assist them in repaying the loans for the sake of Allah. Among others, one head of expenditure of Zakat is والغارمين i.e. relieving the debtors of their burden of debt. The capitalist spends on good works for gaining a reputation only. He must at least earn social respect for incurring such expense. Islam, however, forbids exhibitionism. A Muslim should never expect an immediate return in any form whatever he spends in public or in private. He should fix his gaze on the long term consequence.

From here to eternity, to whatever extent your glance reaches, you will see this investment flourishing and producing compound profit.

> "The example of a man who spends to make a name is like soil on a rocky bed. The seed is sown in this soil, but a torrent of water washes away the soil. The example of a man who with a pure nature spends for the sake of Allah only is like fertile soil in which a garden is planted. If it rains, the output of fruit is doubled, otherwise even a light shower is enough for it to bear fruit."
>
> (Al-Baqarah : 264-265)

> "If ye publish your alms-giving, it is well, but if ye hide it and give it to the poor, it will be better for you."
>
> (Al-Baqarah : 271)

The capitalist spends on good works with an unwilling heart. He gives away only the least valuable goods and by his tongue-lashes never lets the donee forget that he has done him a great favour, contrary to all this Islam enjoins on the believers to give away the best, not to put the donee under an obligation, no, not even expect any expression of gratitude from him.

> "Render not vain your alms-giving by reproach and injury, like Him who spendeth his wealth only to be seen of men."
>
> (Al-Baqarah : 264)

Leave aside the question of how great the difference is between these two outlooks on a moral plane. Take only the economic aspect and see that from the point of view of loss or advantage which of these doctrines is more stable and sounder in the long term.

In view of the aforementioned doctrine of Islam in respect of loss and advantage, how is it possible for Islam to endorse any form of usurious business.

As mentioned above, the objective constantly kept in view by Islam is to prevent the concentration of wealth in the hands of anyone, anywhere.

Islam asks those who by virtue of ability or chance, have gained superfluous wealth, not to hoard it, but to expend it in such a way that the depressed sections of society may also get an adequate share from the circulation of wealth. For this purpose Islam by its lofty moral doctrines and effective motivation and training engenders a spirit of generosity and genuine cooperation so that the people should acquire a natural distaste for hoarding wealth and incline towards spending it. Simultaneously Islam provides that such people as disregard the precept of generosity and cannot give up the habit of hoarding wealth, or those with whom wealth accumulates for one reason or the other should be obliged by law to pay a portion of their wealth for social welfare. This is called *Zakat*, which holds such an important position in the economic system of Islam that it has been included among the articles of faith in Islam.

The obligation to pay *Zakat* ranks next only to *Namaz* and it has been made clear that the wealth of a hoarder will become lawful for him only when he has paid the *Zakat* on it.

> "Take alms of their wealth, wherewith thou mayst purify them and mayst make them grow." (At-Tauba : 103)

The last words of the ayat clearly show that the wealth accumulated by a man is impure in the sight of Islam and cannot become pure until he spends in the Way of Allah a statutory portion of it every year. What is the connotation of "Way of Allah." Allah is independent. The wealth you spend neither reaches Him nor does He need it. The "Way of Allah" denotes

spending the money for the financial well-being of poor sections of society and for promoting social welfare projects designed to benefit nation.[1]

> " The alms are only for the poor and the needy, and those who collect them and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the way-farer ; a duty imposed by Allah ; Allah is Knower, Wise." (At-Tauba : 60)

This is the Cooperative Society of Muslims, their Insurance company, provident fund, fund for the assistance of the unemployed, agency for the maintenance of the disabled, maimed, sick, orphans, widows and the unemployed. It is a guarantee that no member of the Muslim society shall lack the necessities of life. Above all, it frees a Muslim from the cares of the future. The basic principle of Zakat is simple and straightforward : You are affluent to-day, so help others. If you become poor tomorrow, others will help you.

You need not worry about any future decline in your finacial fortune or the fate of your family in case of your death, or economic security against such unforeseen calamities as sickness, fire in the house, flood, bankruptcy etc. and destitution during travel. Zakat frees a Muslim from all these worries. The

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1. The phrase "a *Sadqa*(charity)" clearly denotes a specific rate of charity. The Divine command to the Holy Prophet (peace be on him) to levy this specific rate shows that it is an obligatory and mandatory charity over and above voluntary charity, which shall be levied on the affluent people. In obedience to this Divine command, the Holy Prophet (peace be on him) has prescribed a specific limit for each form of wealth below which the obligatory charity shall not be levied. Further he (peace be on him) prescribed a different rate of *Zakat* for different heads of wealth according to their specified value or above. The rate of *Zakat* on the value of gold, silver, cash, and commercial goods is 2½% per annum. On the value of Agricultural produce of lands in natural rainfall areas the rate is 10% and on the value of lands irrigated by artificial means the rate is 5% per annum.

On mines (under private ownership) and treasure-trove the rate is 20%. Similary the rates prescribed by the Prophet (peace be on him) on cattle maintained for breeding purposes, for sale and on other species of animals are recorded in the books of Fiqh.

Muslims duty is to subscribe a part of his income and become an account holder in God's Insurance company. The subscriber's payment will benefit the needy today. If tomorrow the subscriber himself or his descendants become needy, not only the sum total of his own payments but even more will be returned to him.

Here again we notice a complete contrast between the principles and tenets of Islam and Capitalism. Pooling money and increasing the pool by lending out money on interest is the *sine qua non* of capitalism, so that public money constantly keeps draining into the pool from various channels.

On the other hand Islam enjoins that money should not be hoarded, but if it does accumulate streams of Zakat should be set flowing from this reservoir, so that parched fields receive water and the entire tract flourishes.

The exchange of wealth under Capitalism is restricted, in Islam it is free.

From the reservoir of Capitalism you cannot draw a drop of water unless you have already contributed a share of water to the reservoir. On the other hand the rule in the case of Islamic reservoir is that whoever has superfluous water should pour it into the reservoir, and whoever has need should draw from it.

Clearly both systems, in their basis and nature are antithetic. To couple them would be to couple entirely different species which is beyond contemplation of a rational mind.

Law of Inheritance

Next to personal expenditure charity in the way of Allah and payment of Zakat, there is one other device by which Islam brings the accumulated wealth back into circulation. This device is the Law of Inheritance.

The object of this law is to parcel out the estate (whatever its size) of the deceased among his near and distant kins in accordance with a prescribed Code.

And in case a person has no heir or a heir cannot be traced after his death no claim of adoption shall be entertained and the estate shall be assigned to the Bait-ul-mal (Public exchequer) so

that the entire nation may benefit from it.

The Islamic Law of Inheritance is unique and the like of it cannot be found in any other economic system. The object in other economic systems is that the accumulated wealth of the deceased should remain concentrated in one or few hands. Islam, however, abhors concentration of wealth in any form and aims at the maximum distribution of wealth in order to facilitate its circulation.[1]

Distribution of the Spoils of War and Conquered Property

In this case also Islam holds fast to the above objective. The law regarding the spoils of war is :

Divide them in five shares ; four of which should be distributed among the troops, while the remaining one should be allocated to State purposes.

> " And know that whatever ye take as spoils of war, lo ! one fifth thereof is for Allah, and for the Messenger and for kinsman (who hath need) and orphans and the needy and the way-farer." (Al-Anfal : 41)

1. "The share of Allah and his apostle " refers to the fund for the fulfilment of social purposes and interests under the supervision of the Islamic State established by Allah and His Apostle (peace be on him).

2. A share was assigned to the relatives of the Apostle (peace be on him) because they were not entitled to receive *Zakat*. The Prophet (peace be on him) used to pay the dues of his relatives from this source. Later this share was transferred to the first head. Next three classes in particular have been assigned shares in the خمس . First, orphans who must be educated and trained for purposeful occupations.

Second, destitutes including widows, disabled, maimed, sick and poor members of the society.

Thirdly, *Ibni-i-Sabeel*—i.e. travellers. The moral code of Islam inculcates the virtue of hospitality. Alongwith this a share in the *Zakat*, charity and spoils of war has also been assigned to travellers. This measure greatly facilitated journeys for pur-

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1. The Law of Primogeniture and the Joint Family System are instances in point).

poses of trade, tourism, education, and study and observation of affairs and archaelogical sites across Muslim countries. The Law regarding lands and goods acquired as spoils of war was to keep them entirely under State control.

> "That which Allah giveth as spoil unto His Messenger from the people of the townships, it is for Allah and His Messenger and for the near of kin and the orphans and the needy and the way-farer, that it becomes not a commodity between the rich among you .... And (it is) for the poor fugitives who have been driven out from their homes and their belongings ... . Those who entered the city and the faith before them .... And those who came into the faith after them." (Al-Hashr : 7-10)

This ayat not only lists the heads under which the فئ [1] shall be expended, but also clearly points to the objective of Islam not only in the matter of the distribution of فئ but in the entire economic system, i.e. the circulation of wealth should not remain confined to your affluent class.

The idea contained in this short but comprehensive statement of the Holy Quran is the cornerstone of the economic system of Islam.

The Injunction to Economise

On the one hand Islam has taken measures to keep the wealth in circulation and has assigned to the poor a share in the wealth of the affluent class, as you have seen above.

On the other hand, it enjoins every person to study economy and adopt thrifty habits, so that people should not expend their resources extravagantly and thus upset the economic balance of the society. On this subject the Holy Quran issued the following comprehensive instruction.

> "And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded." (Bani Israel : 29).

> "And those who, when they spend, are neither prodigal, nor grudging, and there is even a firm station between the

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1. فئ is property acquired without fighting.

two." (Al-Furqan : 67)

The purport of this instruction is that a man should live within his means. He should not be so extravagant that his expenditure out paces his income and he is reduced to begging, expropriating other peoples' income, contracting debts without genuine need and then labour under the burden of debt or exhaust his economic resources in paying off debts and join the ranks of the destitute. Nor should a man become so stingy that he should not live according to his means. Again spending within one's means does not imply that an affluent man should use all his income in buying private comfort and, luxury and living in an ostentatious style, while his own kith and kin, friends and neighbours are eking out a miserable existence. Islam deems such selfish expenditure as extravagant.

"Give the kinsman his due, and the needy, and the wayfarer, and squander not (thy wealth) in wantonness. Lo! the squanderers were ever brothers of the devils, and the devil was ever an ingrate to his Lord." (Bani Israel : 26, 27)

In this connection Islam does not confine itself to issuing moral precepts only, but has framed laws to curb the abnormal stinginess or extravagance and has tried to eliminate all factors which tend to throw the system of the distribution of wealth into imbalance.

It declares gambling unlawful, forbids drinking and adultery, bans all forms of extravagant and sinful habits which inevitably result in waste of time and wealth. It restrains the natural taste for music and does not allow it to develop it to the extent where it gives rise to moral and spiritual ills and often causes disruption in economic life.

It sets limits to the development of the natural aesthetic sense.

The main purpose among others of the Holy Prophet's (peace be on him) injunctions about costly garments, gold and diamond ornaments, gold and silver vessels and pictures and statues, is that the wealth which can buy the necessities of life for your poor brethren, and can provide them with the means of subsistence, should not be spent on bedecking your person or decorating

your home. Such habits do not reveal an aesthetic sense but a callous and selfish spirit.

In short, both by moral precepts and legal orders Islam has enjoined a style of life whose simplicity will not allow a man to extend his needs and desires beyond the scope of normal income.

Thus no Muslim should exhaust his own income and beg from others, and no Muslim commanding an above average income should spend all his wealth on his personal needs and refrain from assisting brother Muslims whose income is below average.

PART II

Economic System of Islam

(Some Aspects)

Ownership of Land

The question of the ownership of land is one of the most prominent issues in modern times. It has been subjected to such prolonged debate that truth has been buried under thick layers of polemics and the correct angle of vision has been badly impaired.

On the one side are people who uphold the Capitalistic system of individual property and on the other extreme is the faction which champions the communistic system of collectivism.

The supporters of individual ownership of property are dubbed as the lackeys of feudalists while the opponents of contemporary feudalism are unable to conceive of any alternative scheme of reforming this system except the complete nationalization of land. It is due to this aberration in outlook that people find it hard to understand the Islamic concept of ownership. The learned author has written extensively on the subject, we are only reproducing here a few extracts from his writings in a rearranged from in order that the reader may clearly grasp the stand-point of Islam. The Islamic concept of ownership, must be studied in the perspective of the Economic System of Islam and not with reference to un-Islamic ideologies. Yet another basic fact which must be borne in mind is that the institution of individual property is much older than the Capitalistic system. Capitalism has no doubt exploited this institution and has given it a particular form, malaise however, has sprung not from individual ownership but from the spirit, the fundamental aims, concepts and institutions of Capitalism. While reflecting on this problem the controversy started by misplaced communist writers over individual ownership and its distorted form under Capitalism must be shunned.

(Editor)

(1)

THE HOLY QURAN AND INDIVIDUAL OWNERSHIP[1]

In the first place I must remind you of one fundamental rule which is that when a common custom is passed over without comment, it shall be taken as the approval and justification of that custom. For instance, if the public have carved out a pathway through a plot of land and there is no notice prohibiting the trespass it shall be taken to mean that it is legal to use the pathway. No license is required for passing over the track for the absence of any prohibitory notice itself legalizes the act. Same is the case with the ownership of land. The institution of ownership of land had existed in the world for thousands of years before Islam. The Holy Quran did not proscribe it. It issued no definite injunction to scrap the institution. It gave no law to replace it. No where did it denounce the institution even implicitly. This only meant that Allah held this old institution as valid and it is with this understanding that since the revelation of the Quran to this day the Muslims have kept alive the institution of the private ownership of land in the same way as it had existed before the advent of Islam. If anyone today is convinced of the non-justification of the individual ownership of land, he should bring forth evidence for it instead of demanding proof of justification from us.

But it is not merely that the Quran has not abolished this ancient institution. If you study the Quran attentively you will find that it has validated the institution implicitly and made this institution the basis of many of its social and economic injunctions.

Consider now, man has only two purposes with the land: cultivation or habitation. The Holy Quran acknowledges individual ownership for both these purposes. Sura Inam says:

> " Eat ye of the fruit thereof when it fruiteth, and pay the due (of Allah) thereof upon the harvest day."
>
> (Al-An'am : 141)

Here the term " due of Allah " denotes *Zakat* and Charity, if the land is collectively owned no question arises for giving or

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1. Adapted from the book "*The Question of the Ownership of Land.*"

taking of *Zakat*. This injunction could only be issued on the premise that a section should own the land and donate the due of Allah from its produce and another section who do not own the land should receive this donation. Say now, has not Allah affirmed the ancient institution of the private ownership of land by this injunction ?

This is corroborated by another Ayat :

"O ye who believe ! spend of the good things which ye have earned, and of that which We bring forth from the earth for you " (Al-Baqarah : 267)

There is consensus of opinion that the injunction of 'spending out of the produce of land' in this Ayat refers to *Zakat* and alms-giving, well, this injunction will only be carried out by one who owns the produce, and the beneficiaries will be those who own no wealth or property. Hence the Holy Quran mentions also the categories of people who deserve alms :

" Alms are for the poor who are straitened for the cause of Allah, who cannot travel in the land (for trade) ". (Al-Baqarah : 273)

" The alms are only for the poor and the needy." (At-Tauba : 260)

Regarding the second purpose, Surah Nur states :

" O ye who believe ! Enter not houses other than your own without first announcing your presence and invoking peace upon the folk thereof. That is better for you, that ye may be needful. And if ye find no one therein, still enter not until permission hath been given." (An-Nur : 27)

This reveals that the Holy Quran affirms the principle of the private occupation and ownership of land for residential purposes also and admits the right of an owner to permit or forbid the entry of any person into the bounds of his property..

Let us turn to Hadith now. If we take an overall view of all the statements of the Holy Prophet (peace and blessings of Allah be on him) on this subject, the practice during his period and the precedents set up in the reigns of the right-guided Caliphs (Allah be pleased with them), and also ascertain what law regarding the ownership of land was derived by the schol-

are approximate to the time of the Holy Prophet (peace be on him) from their comprehensive study of the Quran, Hadith and the precedents of the illustrious companions (Allah be pleased with them), there remains not a shadow of doubt that Islam not only holds private ownership of land as valid, but also sets no ceiling on the extent of land ownership,[1] and confers upon the owner the right to lease or rent out the land which he himself does not or cannot cultivate.

(2)
PRECEDENTS ESTABLISHED BY THE HOLY PROPHET (SAW) AND THE RIGHT GUIDED CALIPHS (R.A.)

In order to understand the Land System in the period of the Holy Prophet (peace be on him) and the right-guided caliphs (Allah be pleased with them) it must be borne in mind that lands passing under the jurisdiction of an Islamic State are divided into four major categories according to the Shariat.

(1) Lands whose proprietors embrace Islam.

(2) Lands whose proprietors adhere to their own faith (i.e. are not converted to Islam), but under an agreement, become subjects of the Muslim State.

(3) Lands whose proprietors are subjugated by force of arms.

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1. It should be clear, however, that this rule applies under normal conditions. In extraordinary circumstances the State can in the interest of justice and the rights of God and His people impose certain restrictions as mentioned in the books of fiqh Similarly if need be,a particular Industry or Agricultural tract may be nationalized on the grounds of Shariah. But the overall system of Economy in the State must be constructed on the basis of private ownership. So far as I have studied this question in the light of Islam, I can say in all honesty that Islam does not adopt the programme of nationalization of the means of production as a rule. Such a programme is derogatory to the social milieu of Islam.

From the point of view of Islam, total nationalization of the means of production does not offer the correct solution of the Economic problems of a State. Nevertheless, if experience proves that the private ownership of a particular Industrial or Commercial enterprise is not conducive to its growth it can be taken under State Control.

(4) Lands to which no one holds a title.

We shall now describe the policy adopted by the Holy Prophet (peace be upon him) and his caliphs (Allah be pleased with them) with regard to each category of land separately.

First Category

The principle adopted by the Holy Prophet (peace and blessings of Allah be on him) in the case of the first category of lands was this :

> "When people accept Islam, they preserve their lives and properties." [Abu Dawud ; *Kitab ul Kharaj Fi Iqta-il-Ardain*].

> "The properties which a person owned at the time of accepting Islam shall remain under his ownership [*Kitab-ul-Amwal* by Abu Ubaid].

This rule applied to movable as well as to immovable property, and the policy adopted with regard to agrarian property was the same because the policy adopted with regard to both agrarian and non-agrarian lands was uniform.

The entire corpus of Hadith and precedents proves that the Holy Prophet (peace be on him) did not even slightly interfere with the proprietary rights of anyone in Arabia who had embraced Islam. Whoever owned anything was confirmed in his title. The Islamic Law on this subject is explained by Imam Abu Yusuf (may Allah show him mercy) in these words :—

> "The people who accept Islam, the spilling of their blood is forbidden. The properties they owned at the time of conversion to Islam shall remain under their ownership. Similarly they shall hold title to their lands and those lands shall be declared Ushri (i.e. they shall be subjected to Ushr). The precedent for this is Medina, whose citizens accepted Islam at the hands of the Messenger of Allah (peace be on him), and they retained ownership of their lands, upon which Ushr was levied. The people of Taif and Bahrain were treated in the same way.

> Similarly those among the Beduins who embraced Islam were confirmed in their title to springs and tracts owned by them. Their land is Ushri (i.e. subject to Ushr) and they cannot

be evicted from it, and they hold all rights of sale, trade and Inheritance over it. In exactly the same manner, when the residents of an area accept Islam, they shall remain owners of their properties." (*Kitab-ul-Kharaj*, p. 35)

Another venerable scholar of the Economic Law of Islam, Imam Abu Ubaid al-Qasim bin Salam writes :

"The evidence that has come down to us from the time of the Holy Prophet (peace be on him) and his caliphs (Allah be pleased with them) contains three categories of Orders in regard to land. One category relates to those lands whose owners embrace Islam. Whatever land they owned at the time of their conversion shall belong to them, but that land will be declared Ushri and no other cess except Ushr shall be levied on them. (*Kitab-ul-Amwal*, p. 55)

Further on he writes :

"In those areas where people embraced Islam, they retained ownership of their lands such as in Medina, Taif, Yemen and Bahrain. Similarly though Mecca was taken by sword, the Holy Prophet (peace be on him) showed favour to its citizens, proclaimed a general amnesty and did not declare their properties the spoils of war............so when their properties were left in their charge, and when subsequently they became Muslims, their properties were subjected to the same rules as those of other converts to Islam and their lands were declared Ushri." (Page 512)

Allama Ibn ul-Qayyim (may Allah show him mercy) writes in *Zaad-ul-Muad* :

"The Holy Prophet (peace be on him) as a rule allowed a convert to retain whatever property he owned, irrespective of the means by which he had acquired that property prior to his conversion. The convert's property was left in his charge as it was." (Vol. 2, p. 96)

We do not find a single instance of any exception from this rule in the time of the Holy Prophet (peace be on him) and the right-guided caliphs (Allah be pleased with them). The economic reforms of Islam were not introduced with retrospective effect. The title of the new converts to their previously held properties

remained intact.

Second Category

The second type of people were those who did not embrace Islam but amicably agreed to become the subjects of the Islamic State. In respect of these people, the Holy Prophet (peace be on him) laid down the rule that the terms settled with them should be strictly adhered to. Accordingly the following observation of the Holy Prophet (peace be on him) occurs in the Hadith :

"If it happens that you go to war with a nation and they come before you and offer wealth to secure safety of life for themselves and their families, and you conclude peace with them, then do not take in excess of what has been settled in the terms of peace, for excess is unlawful for you."

(Abu Dawud/Ibn-i-Maja)

"Be Warned ! whoso oppresses a *Dhimmi* (non-Muslim subject) who is a party to an agreement, or lessens his rights under the agreement, or subjects him to a burden beyond his capacity, or takes away anything from him without his consent, against him shall I prefer a complaint myself on the Day of Judgment."

(Abu Dawud)

According to the same rule when the Holy Prophet (peace be on him) concluded peace with Najran, Ayla, Adhruat, Hajar and other places and tribes, he invariably left them in possession of their properties, lands, industries and trades and only levied such Jazia (Poll-tax) and tribute on them as was agreed upon in the treaty of peace.

The right guided Caliphs (Allah be pleased with them) acted according to the same rule. Iraq, Syria, Algezire, Egypt, or Armenia, wherever the people of a city or habitation surrendered to the Islamic State under a treaty of peace, they were allowed to keep their properties and nothing was taken from them save what was agreed upon in the terms of the peace treaty. In the reign of Hadrat Umar (Allah be pleased with him) when it was considered expedient to remove the population of Najran from the heart of Arabia towards Syria and Iraq, every person was allotted the same amount of Agricultural and residential property in his new home as he had possessed in Najran. And not only this,

Hadrat Umar (Allah be pleased with him) issued a general decree to the Governors of Syria and Iraq directing them to grant liberal allotments of fallow lands to the new settlers in the areas under their jurisdiction. (*Kitab-ul-Amwal* by Abu Ubaid, p. 189)

There is no instance of an exception even to this rule in the reigns of the Holy Prophet (peace be on him) and the right guided Caliphs (Allah be pleased with them). Hence there is a consensus among the jurists of Islām on this Law too. Imam Abu Yusuf (may Allah show him mercy) in his *Kitab-ul-Kharaj* states this Law as follows :

> "With whichever nation among the non-Muslims, the Imam (Leader of Muslims) concludes a peace treaty on the terms that they become subjects and pay tribute, that nation acquires the status of Dhimmis. Their lands become tributary. They shall be subject only to such levy as was agreed upon in the terms of the peace treaty. The treaty with them shall be honoured and no additional burden shall be placed upon them." (*Kitab-ul-Kharaj*, p. 35)

Third Category

As for the people who fight to the last and are subdued by force, they were treated in three different ways in the reigns of the Holy Prophet (peace be on him) and the right-guided Caliphs (Allah be pleased with them).

One, the policy adopted by the Holy Prophet (peace be on him) on the eve of the victory of Mecca: Proclamation of general amnesty (لا تثريب عليكم اليوم) and grant of complete security of life and property to the conquered people. In this case, as has been stated above, the citizens of Mecca remained in possession of their lands and properties, subsequent to their conversion to Islam their lands were declared Ushri (subject to Ushr tithe).

Second, the policy followed by the Holy Prophet (peace be on him) in Khyber i.e. declaration of the conquered lands as spoils of war. In this case the title of previous owners was abolished. A part was allocated to the head "For God and His Apostle" and the rest of the lands were distributed among the troops who fought in the campaign of Khyber. The soldiers were given proprietary rights over their shares of land, which

were subjected to Ushr. (*Kitab-ul-Amwal* by Abu Ubaid, p 513)

Thirdly, the Policy which Hadrat Umar (Allah be pleased with him) at first adopted in Syria and Iraq, and later all conquered states were settled according to the same policy. Instead of distributing the captured land among the victorious troops; Hadrat Umar (Allah be pleased with him) declared it as the national property of the Muslims, and as their representative took its administration under his own charge. he allowed the original owners to stay on their lands and declaring them as Dhimmis levied Jazia (Poll Tax) and tribute on them. The revenue of this Jazia and tribute was to be spent on the welfare of common Muslims for in basic theory the proprietorship of the land vested in them.

This last policy apparently conveys a faint impression of the doctrine of collective ownership, but when the manner in which this whole matter was settled is studied in detail it becomes clear that this " collective ownership " did not bear the remotest connexion with the doctrine of communism. The fact is that after the conquest of the vast territories of Egypt, Syria and Iraq, a section of people led by Hadrat Zubair and Bilal (Allah be pleased with them) urged Hadrat Umar (Allah be pleased with him) that following the precedent of Khyber, all lands and properties in those countries should be distributed among the victorious army. Hadrat Umar (Allah be pleased with him) turned down the suggestion, and in this he was supported by Hadrat Ali, Uthman, Talha, and Muad Jabal (Allah be pleased with them). The reasons behind Umar's action are explained by the speeches made in the course of debate on this issue. Hadrat Muad (Allah be pleased with him) said :

" If you distribute it (the land), God the consequences will be such as you will not like. Large tracts of fertile land will be parcelled out among the troops. These people will eventually pass away, one leaving behind a woman as heir and the heir of another will be a child. The Government will have nothing to give to those others who rise next to defend the frontiers of Islam. Hence you should adopt a policy

suited to interests of the present as well as the next generation."

Hadrat Ali (Allah be pleased with him) said :

" Leave the farming population of the country alone, so that they may become the means of economic strength for the Muslims."

Hadrat Umar declared :

" How can it be that I should distribute this land among you and leave no share in it for the next generation....After all what share will posterity have in it ? ......Do you mean to leave nothing for the future generation ?...... And besides, I fear that if I distribute it (the land) among you, quarrels will rise between you over water (irrigation)."

The decision arrived at on this basis was that the existing owners should be allowed to keep their lands. They should however be declared Dhimmis and subjected to Jazia (Poll-tax) and tribute, and the revenues from this source should be spent on the general welfare of the Muslims. The text of the letter in which Hadrat Umar (Allah be pleased with him) notified this decision to Hadrat Saad bin Abi Waqqas (Allah be pleased with him) the Governor of Iraq, is as follows :[1]

The movable goods which the troops secured as spoils of war and deposited in the Army treasury, distribute them among those who took part in the battle. As for the canals and lands, leave them in the hands of those who work on them, so that income from them may go into a permanent fund to pay the salaries of Muslims. Otherwise if we distribute them (i.e. lands and canals) also among the serving troops, nothing will be left for the next generation. The basic doctrine of this new settlement was that the ownership of these conquered lands vests in the Muslim nation, the former proprietors are merely farm tenants and that the Government is administering these lands as agent of

1. For a full discussion on this subject readers are referred to *Kitab-ul-Kharaj* pp. 20, 21 and *Kitab-ul-Amwal*, pp. 57, 63).

the Muslims,[1] yet in practice the rights conferred on these Dhimmis were not dissimilar to proprietary rights. They occupied their former tracts. Nothing except tribute was levied on them by the Government or the Muslim people. They enjoyed the same rights of sale, mortgage and inheritance over their lands as they had done before.

Imam Abu Yusuf has described the same subject in legal terms, as follows:

" The leader of the Muslims (Imam) is empowered to dispose of the land conquered by sword among the victorious army. In this case the land will become Ushri (i.e. tithe will be levied on it). But if he (the Leader) considers it inadvisable to distribute the land and prefers to leave it in the hands of its former owners as Hadrat Umar (Allah be pleased with him) did in Iraq, he is authorised to do so. In this case the land shall become Kharji (i.e. subject to tribute), after which the Imam shall have no power to take it away from its owners, who will retain their title, right of inheritance, sale, and purchase. Tribute shall be levied on them and no burden beyond their capacity shall be placed upon them."

(*Kitab-ul-Kharaj*, pp. 35, 36)

Fourth Category

The above three categories of land were those which belonged to various types of people and after the establishment of the Islamic system, either their former owners were confirmed in their

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1. This doctrine is explained by the following case:

Utba b. Farqad once called on Hadrat Umar (Allah be pleased with him) and told him: "I have purchased a plot of land on the bank of Farat." Umar (Allah be pleased with him) enquired: "From whom?" "From its owners," replied Utba. Umar (Allah be pleased with him) pointed to the Muhajirin and observed: "The owners of the land are here." (*Kitab ul-Amwal*, p. 74) An observation of Hadrat Ali (Allah be pleased with him) also throws light on this doctrine. A former land-owner of Iraq came and proclaimed himself a Muslim, whereupon Hadrat Ali (Allah be pleased with him) said: "Henceforth you are exempted from Jazia (Poll-tax) but your land shall remain subject to tribute, for it belongs to us."

(*Kitab-ul-Amwal*, p. 80).

title or if under some circumstances a change was made, it related to control only. The system of ownership remained unaffected.

We have now to ascertain the policy of the Holy Prophet (peace be on him) and his Caliphs (Allah be pleased with them) in regard to ownerless lands or lands whose ownership had become extinct. Such lands consisted of two main types:

One, 'Mawat' or fallow lands, either those whose owners had died or those to which no one ever had a title or those which had turned into bushy, marshy or flooded tracts.

Second, 'Khalsa lands', those which were declared State property. This included many kinds of land:

(a) Lands which the owners had surrendered to the Government to use as it deemed necessary[1].

(b) Lands which the Islamic Governmet had declared State Property after evicting their owners, for instance the lands of Beni Nasr in the vicinity of Medina.

(c) Lands which were declared State Property in conquered areas such as the lands which were owned by Chosroes and the Royal family in Iraq, or lands whose owners had fallen in battle or had absconded and Hadrat Umar (Allah be pleased with him) had declared them as State Property[2].

We shall describe the orders in regard to these two kinds separately.

Ownership Rights arising out of colonization.

Regarding fallow lands the Holy Prophet (peace and blessings of Allah be on him) renewed the ancient rule which had initiated ownership of land in the world. When Man began to settle on earth, the rule was "The land which one occupies is his and whoever has made a tract useful in some way, has the better right to use it."

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1. Ibn Abbas reported: "When the Holy Prophet (peace and blessings of Allah be on him) arrived in Medina, the Ansar transferred to his charge all lands which were not irrigated by their water channels in order that he might use them as he thought fit." (*Kitab-ul-Amwal*, p. 282)

2. Imam Yusuf and Abu Ubaid (may Allah show them mercy) in their works have enumerated ten kinds of such lands.

This rule forms the basis of man's proprietary rights over all natural resources, and the Holy Prophet (peace and blessings of Allah be on him) endorsed this rule in his statements on several occasions. The traditions state :

"Hadrat Aisha (Allah be pleased with her) reported that the Holy Prophet (peace be on him) had said, "Whoever colonizes a land which does not belong to another, has the better right to keep it. Urwa b. Zubair states that Hadrat Umar (Allah be pleased with him) acted upon the same rule during his reign." (Bukhari/Ahmad/Nasai)

"Jabir bin Abdullah (Allah be pleased with him) related the tradition that whoever reclaims dead land (i.e. colonizes wasteland), acquires proprietary right over it." (Ahmad Tirmidhi, Nasai, Ibn-e-Haban)

"Samura b. Jundub reported that the Holy Prophet (peace and blessings of Allah be on him) had said :

"Whoever draws a boundary line round some fallow land acquires proprietary right over it." (Abu Dawud)

"Asmar b. Mudarris reported that the Holy Prophet (peace and blessings of Allah be on him) had said :

"Whoever finds a well which is not already owned by a Muslim, shall keep it." (Abu Dawud)

"Urwa b. Zubair (Tabia) says :

"I bear witness that the Holy Prophet (peace and blessings of Allah be on him) had decreed that the land belongs to God and the people also belong to Him. Whoso reclaims some wasteland has pre-emptory right over it. This Law has been transmitted to us from the Holy Prophet (peace and blessings of Allah be on him) by the same venerable persons i.e. the illustrious companions) through whom the order of five prayers has reached us." (Abu Dawud)

Having renewed and endorsed this natural rule the Holy Prophet (peace be on him) also framed two regulations to administer it. One, he who colonises land belonging to another does not acquire ownership of it on the ground of mere colonization. Second, anyone who draws a boundary line round some land or fixes some other mark on it and does not bring it

under use, his proprietary right over it shall stand abolished at the expiry of three years. The Holy Prophet (peace be on him) has stated the first regulation as follows :

> "Saeed b. Zaid reported that the Holy Prophet (peace be on him) had said : "Anyone who reclaims some wasteland shall keep it. But he who colonizes another person's land illegally has no right over it."
>
> (Ahmad, Abu Dawud, Tirmidhi)

The second regulation is derived from the following traditions :—

> "Tawus (Tabii) reported that the Holy Prophet (peace be on him) had said :
>
> "Ownerless land which has no trustee or heir belongs to God and His Apostle and then it is open to use by you. Hence anyone who reclaims dead land shall keep it ; and he who occupies it without using it shall lose his ownership right over it at the expiry of three years."
>
> (Abu Yusuf : *Kitab-ul-Kharaj*).
>
> "Salim b. Abdullah (grandson of Hadrat Umar) reported that Hadrat Umar (Allah be pleased with him) had declared from the pulpit : He who reclaims dead land shall keep it ; but anyone who occupies it without using it shall lose his right of ownership after three years."
>
> (Abu Yusuf : *Kitab-ul-Kharaj*)

This declaration was considered necessary because people used to occupy lands without working on them. There is a consensus of opinion among the Jurists of Islam on this rule. Whatever difference of opinion there is relates to the question whether the mere act of colonization of uncultivated land makes the colonizer its owner or formal sanction or endorsement of the ownership title by the Government is necessary ? Imam Abu Hanifa (Allah be pleased with him) holds the sanction and endorsement of the ownership title by the Government necessary ; but Imams Abu Yusuf, Mohammad, Shafii and Ahmed b. Hanbal (may Allah show them mercy) are of the view that the verdict of the traditions is clear on the subject. So the ownership right of the colonizer is independent of the

sanction or endorsement by the Government. He (the colonizer) is proprietor of his land by the authority of God and His Apostle. The Government's task is to acknowledge the right when the case is put up to it or to settle the question of ownership in case of dispute. Imam Malik (may Allah show him mercy) sets up a distinction between dead lands in the vicinity of habitations and those which lie far off. In his opinion the former are exempt from this order. As for the second category of lands, the Imam's (Authority's) grant is not a condition for their ownership. They become the property of a man by the mere act of reclamation. In this case the policy adopted by both Hadrat Umar and Hadrat Umar b. Abdul Aziz (Allah be pleased with them) was that if a man colonized a land thinking that it was waste, and later another man came and proved his title to it, this latter man was given the option either to pay compensation for the work done by the colonizer and take the land or to receive the price of land and transfer the ownership to the colonizer[1].

Land Grants by the State

The Holy Prophet (peace be on him) granted several tracts of both 'Dead' and 'Cultivated State-land' to people and later his caliphs (Allah be pleased with them) also regularly made similar land grants. Several precedents of this are extant in the corpus of Hadith and آثار and some of these are reproduced below :

(1) Urwa b. Zubair (Allah be pleased with him) reports that Hadrat Abdur Rahman b. Auf stated that the Holy Prophet (peace be on him) had granted some lands to him and Hadrat Umar b. Khatab. Then in Hadrat Uthman's reign, Zubair purchased from the heirs of Umar their share of land and sought confirmation of this purchase from Uthman, stating "Abdur Rehman b. Auf

1. For details see *Kitab-ul-Kharaj* by Abu Yusuf pp. 36, 37 and *Kitab-ul-Amwal* by Abu Ubaid pp. 285-289. Sheikh Ali Muttaqi in his *Kanz-ul-Ummal* has collected all Ahadith and Precedents on this question. Readers who wish to study full details are referred to the discourse on Reclamation of Dead Lands in Part II of this work).

bears witness that the Holy Prophet (peace be on him) had granted these tracts of land to him and Umar b. Khatab. I have now purchased their share from Umar's heirs." Hadrat Uthman observed: "Abdur Rahman, bears true testimony, be it in his favour or against."

(Musnad Imam Ahmad)

(2) Alqama b. Wail reports that his father (Wail b. Hajr) stated that the Holy Prophet (peace and blessings of Allah be on him) had granted him a tract of land in Hadramut. (Abu Dawud/Tirmidhi)

(3) Asma, the daughter of Hadrat Abu Bakr states that the Holy Prophet (peace be on him) had granted her husband Hadrat Zubair a tract of land in Khyber which contained date-palms and other trees. Apart from this Urwa b. Zubair reports that the Holy Prophet (peace be on him) had granted him an Oasis situated in the lands formerly belonging to Beni Nazeer. Furthermore, Abdullah b. Umar relates that the Holy Prophet (peace and blessings of Allah be on him) had granted another large tract of land to Hadrat Zubair in the following manner. The Holy Prophet (peace be on him) told Zubair:

"Race your horse and the point where it stops shall be the boundary of your estate. Zubair raced his horse and when it stopped at a spot, he cast forward his lash. The Holy Prophet (peace be on him), then said:

"All right, give him the land up to where his lash has fallen." (Bukhari, Ahmad, Abu Dawud, *Kitab ul-Kharaj* by Abu Yusuf, (*Kitab-ul-Amwal* by Abu Ubaid)

(4) Amr b. Dinar reported that when the Holy Prophet (peace and blessings of Allah be on him) arrived in Medina, he granted lands both to Abu Bakr and Umar (Allah be pleased with them).

(5) Abu Rafia states that the Holy Prophet (peace be on him) had granted a tract of land to his (Rafia's) family, but they could not colonize it. (Abu Rafia) sold it for 8,000 Dinars in the reign of Hadrat Umar (Allah be

pleased with him). (*Kitab-ul-Kharaj*).

(6) Ibn Sirin related that the Holy Prophet (peace and blessings of Allah be on him) had granted a tract of land to a certain person Sulait of the tribe of Ansar. This gentleman often went abroad on business connected with this land. Each time he returned from his journey, he learned that a portion of the Quran had been revealed during his absence and the Holy Prophet (peace be on him) had issued such and such a decree, so he felt perturbed. At last he came to the Holy Prophet (peace be on him) and submitted, "This land has become a wall between you and me. Please take it from me." The land was resumed. Later Zubair applied for the grant of the same land and the Holy Prophet (peace be on him) granted it to him. (*Kitab-ul-Amwal*)

(7) Bilal b. Harith Muzni related that the Holy Prophet (peace and blessings of Allah be on him) had granted to him the entire land of Aqiq. (*Kitab-ul-Amwal*)

(8) Ibi b. Hatim reported that the Holy Prophet (peace and blessings of Allah be on him) had granted a tract of land in Yamama to Furat b. Hyan Ujli. (*Kitab-ul-Amwal*)

(9) Nafa, the son of the famous physician in Arabia Harith b. Kaalda, represented to Hadrat Umar (Allah be pleased with him) that a certain estate in Basra was neither a tribute paying tract, nor was the interest of any Muslim involved in it, so it should be granted to him and he would grow on it fodder for his horses. Hadrat Umar (Allah be pleased with him) issued a decree to his Governor Abu Musa al-Ashari that if the facts stated by Nafa were true, the estate should be granted to him. (*Kitab-ul-Amwal*)

(10) Musa b. Talha reported that Hadrat Uthman (Allah be pleased with him) during his reign had granted lands to Zubair b. Awam, Saad b. Abi Waqqas, Abdullah b. Masud, Usama b. Zaid, Khubab b. Art, Ammar b. Yasar and Saad b. Malik (Allah be pleased with them). (*Kitab-ul-Kharaj* : *Kitab-ul-Amwal*)

(11) Abdullah b. Hasan related that on Ali's application Umar had granted to him the estate of Uniey.

(Kanz al-Ammal)

(12) Imam Abu Yusuf relates from several authoritative sources that Hadrat Umar had declared all lands formerly owned by Kirra and his family as state lands. He had also declared as 'State Lands' those tracts whose owners had absconded or fallen in battle or which had become marshy, or were flooded or overgrown with bushes It was out of this land that he granted tracts to individuals. (*Kitab-ul-Kharaj*)

Shariah Regulations for Land Grant

These land grants were not merely in the nature of a royal gift or benefaction, but were made according to some rules which we find in the traditions and precedents.

(1) According to the first regulation if a grantee did not work on his land for three years, his grant stood abolished. As a precedent Imam Yusuf quotes the following tradition :

The Holy Prophet (peace and blessings of Allah be on him) had granted some land to the people of the tribes of Muzaina and Juhaina. They, however, left it fallow. Some time later it was colonized by some other people. In the reign of Umar (Allah be pleased with him) the Muzaina and Juhaina filed a suit for the recovery of this land. Umar (Allah be pleased with him) observed :

"Had it been granted by me or Abu Bakr, I would have cancelled the grant. But this grant was made by the Holy Prophet (peace and blessings of Allah be on him). Hence I cannot rescind the grant. The law, however, stands intact and it is this :

"'Whoso has a land and keeps it fallow for three years and does not colonize it and later some other people colonize the land, then these colonizers have a better right to this land."

(2) According to the second regulation a grant which is not being properly used may be reviewed. As a pre-

cedent of this Abu Ubaid in *Kitab-ul-Amwal* and Yahya b. Adam in *Al-Kharaj* have cited a case which is as follows :

The Holy Prophet (peace and blessings of Allah be on him) had granted the whole valley of Aqiq to Bilal b. Harith Muzni. But he could not bring a major part of it under cultivation. Hadrat Umar, therefore, in his reign said to him, "The Holy Prophet (peace be on him) had not granted this land to you to keep it fallow and withhold it from use by others. So retain as much of it as you can use and return the remainder so that I may distribute it among the Muslims." Bilal b. Harith refused to comply with this advice. Umar persisted in his demand. Finally, except the land which was actually under his (Bilal's) use, Umar (Allah be pleased with them) took away all the land from him and divided it into plots, which were distributed among the Muslims.

(3) According to the third regulation the Government's authority is limited to making grants only out of the Dead Lands and State Lands. The Government has no power to snatch a piece of land from one person and allot it to another, or to transfer the estates of some as fief to another and reduce the real owners to the position of tenants of the fiefholder.

(4) According to the fourth regulation the Government will make land grants to those persons only who have rendered some meritorious service to the society, or who are engaged in performing such service, or grant to whom may in some way suit the interest of the society. As for the undeserved Royal benefactions to cup-bearers and flatterers, or the gifts made by tyrants and dictators to the betrayers of public interest, they certainly do not fall under the definition of lawful grants.

Correct Shariah Position with Regard to Fiefs

The two last-mentioned regulations are based on the over-

all policy adopted by the Holy Prophet (peace and blessings of Allah be on him) and his caliphs (Allah be pleased with them). Imam Abu Yusuf in his book Kitab-al-Kharaj, explains these two regulations as follows :

"The Just Imam (Ruler) has the right to bestow upon those who render services to Islam gifts and rewards out of the properties which have no owner or heir. When ولاة صالحين (righteous rulers) have granted some land to a person, no one has the right to rescind this grant. But the land which a ruler takes away from one person and bestows on another is the land which has been expropriated from the one and handed over to another."

Furtheron the Imam writes :

"Hence out of the above stated categories of lands which the Imam can grant, if the righteous Imam grants lands situated in Iraq, Arabia, Al-Jabal or other area, it is unlawful for later caliphs to rescind those grants or to snatch them from their current owners, whether they have inherited those lands or have purchased them from the heirs."

Concluding the discourse Imam Yusuf observes :

"Hence these precedents establish the fact that the Holy Prophet (peace and blessings of Allah be on him) himself made land grants and his successor caliphs also continued to do so. The Holy Prophet (peace be on him) invariably made land grants in the interest of welfare and improvement i.e. to win the heart of a fresh convert or to settle a waste-land. Similarly the right guided caliphs (Allah be pleased with them) made grants only after satisfying themselves that the grantee had done some signal service to Islam, or could prove useful against the enemies of Islam or when they deemed it expedient to make a land grant."

(*Kitab-ul-Kharaj* pp. 32-35)

These expository statements in fact were made by Imam Abu Yusuf (may Allah show him mercy) in answer to the Abbasid Caliph Harun Rashid's query as to what is the Shariah position of Jagirs (fiefs) and what is the extent of a ruler's authority to grant Jagirs ? The substance of the Imam's reply to this query is that the grant of land by the State as such is a

lawful act, yet it is not lawful in the case of every donor of land or every grantee. In one class are the moderate grants by just, honest, truthful and God-fearing rulers to the true servants of faith and the Muslim Nation, or at least to useful and capable individuals for achieving the ultimate collective benefit of the State and the Nation. Further these grants should have been made by the rulers out of the properties which they have the power to dispose of under the law. In the second class are the grants made by tyrants, dictators and self-seeking rulers to wicked people, for evil purposes, and in immoderate proportion and out of property which they had no right under the Law to dispose of. These two classes of grants are different and the order pertaining to them is not the same. The former class of grants is valid and justice demands that these grants should be maintained. The second class of grants is invalid and justice requires that these be rescinded. Who can do a greater wrong than him who places both classes of grants on an equal footing?

Respect for the Right of Ownership

These examples and precedents present a picture of the administration of land during the whole of that period in which bearer of the Quran (peace be on him) himself and his direct disciples (Allah be pleased with them) had interpreted the will of the Quran by precept and action. Having seen this picture no one can possibly entertain a speck of doubt that the guiding principle of Islamic administration of land was to effect a changeover from private to collective ownership. On the contrary this picture furnishes absolute proof that Islam regards private ownership of land as the natural and correct mode of ownership. It is due to this reason that in most cases the Holy Prophet (peace be on him) not only confirmed the title of the current proprietors, but in cases where he (peace be on him) did abolish the title of former owners he (peace be on him) created fresh individual ownerships and for the future opened the door to the creation of individual ownerships of waste-lands. He (peace be on him) distributed State-lands among individuals and granted them rights of ownership over their holdings. This is a clear proof that the land system existing

prior to Islam was not retained as a necessary evil, but was confirmed as a valid system for that, and the future ages.

A further proof of this are the Holy Prophet's (peace be on him) injunctions to respect the rights of ownership. Muslim has recorded a tradition from several sources in which it is stated that in the time of Marwan b. Hakam a certain woman filed a suit against Saeed b. Zaid (the brother-in-law of Hadrat Umar) stating that he had expropriated a portion of land belonging to her. Hadrat Saeed deposed that how could he forcibly snatch the land of the plaintiff when he had himself heard these words from the sacred tongue of the Holy Prophet (peace be on him) i.e.

> "Whoso takes by oppressive means even such a small measure of land as equals the breadth of a hand, around his neck shall be thrown a collar made of seven lengths of the same land."

Muslim has quoted traditions bearing the same meaning from Hadrat Abu Huraira and Hadrat Ayesha (Allah be pleased with them). (Muslim/Kitab-al-Musaqat Wal Muzara. Bab Tahrim-ul-Zulm Wa Ghasab-al-Arz). Abu Dawud, Tirmidhi and Nasai have recorded the following tradition from several sources:

> "The Holy Prophet (peace and blessings of (Allah be on him) observed:
>
> "No one has the right to cultivate the land belonging to another unless he holds a valid right to do so."
>
> Rafi b. Khadij reported that the Holy Prophet (peace and blessings of Allah be on him) had said:
>
> "Whoso cultivates land without its owner's consent, has no right over the crop, but will be allowed to recover his cost only." (Abu Dawud, Ibn Maja, Tirmidhi).

Urwa b. Zubair reported that the Holy Prophet (peace be on him) heard a case in which a person had planted date-palms in a land owned by an Ansari. The Holy Prophet (peace be on him) ordered that the palms be uprooted and land restituted to the real owner.

(Abu Dawud)

What evidence do these injunctions bear? Do they throw

up the evidence that individual ownership of land was an evil which it was intended to suppress yet it was tolerated because it was a necessary evil ?

Or do these orders stand witness that private ownership of land was *per se* a valid and reasonable right, respect for which was made obligatory upon both individual and State ?

(3)

ISLAMIC SYSTEM AND INDIVIDUAL OWNERSHIP

Now look at this matter from another angle. The laws of Islam are not contradictory or antithetic to one another. The Injunctions and Laws of Islam are inter-connected and harmonious parts of one organic whole. This is an attribute which Allah has presented as the principal evidence of the Divine Origin of Islam. But if we concede that Shariat holds tenancy (crop-sharing)[1] unlawful and that the lawgiver intends that a person should own only as much area of land as he can cultivate with his own hands and that the lawgiver obliges an owner either to make a free gift to someone or to keep uncultivated all land which is in excess of the area which he can cultivate with his own hands, then a little reflection would make us sharply aware that these laws do not coincide with the other principles and laws of Islam and an attempt to fit them into the system of Islam would necessitate farreaching amendments in several clauses of this system. Note the following clear examples of inconsistency :

1. Under the Islamic system, the rights of ownership are not reserved for sturdy men only, but have been conferred on women, children, the infirm and the old also. If *Muzari'at* is forbidden, then the ownership of land by these classes becomes irrelevant.

2. According to the Islamic Law of Inheritance, just as several heirs share the estate of a deceased man, so it sometimes happens that a single person inherits the estates of several deceased owners. How odd would it be then if the

1. *Muzari'at* : i.e. The case where the land owned by one is cultivated by another and both the owner and the cultivator share the produce. This is called *Batai* (Crop sharing) in Urdu.

Islamic Law of inheritance conferred upon a heir hundreds of acres of land belonging to deceased owners and the Agrarian Law of Islam prohibited him to profit by all that land, save a limited acreage fixed by statute.

3. The Islamic Law of Sale and Purchase does not bind a person to sell or purchase any specie of lawful commodity upon a certain limit and no more. This unrestrained right of a Muslim to sell or purchase any quantity of lawful commodities, extends to land also. Here again it would be incongruous if civil law allowed a man to purchase unlimited acreage of land and the agrarian law forbade him to derive economic advantage from all but a limited portion of his holding.

4. Islam has placed no ceiling in respect of quantity or mass on any type of holding. There is no limit on lawful holdings acquired by lawful means, subject to the condition that the rights and dues of Shariat pertaining to those holdings are regularly paid.

There is no legal ceiling on the holding of money, animals, tools, houses, vehicles etc. Why then should land be an exception to this rule. What special factor is involved in holding agricultural property which inclines the Shariat to curtail the right of its ownership in terms of acreage or to cut down the owner's right to derive advantage from only a limited part of his holding, leaving the rest as virtually a dead loss to him.

5. Islam has enjoined right doing and generosity in all affairs of life, yet it does not prescribe generosity as a duty. The only duty it lays upon the believers is to pay the obligatory levies. For instance, even to a man who has paid the Zakat Islam recommends that he should give away all his surplus wealth to the needy, but it does not prescribe such generous conduct as a duty, nor does it declare unlawful the act of giving money to the needy as a loan or making capital investment in someone's business and becoming his sleeping partner (Mudarbat).1

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1. *Mudarabat* : i.e. One invests money and the other contributes his labour and both share the profit.

Assistance should take the form of grant and free gift only. For instance Islam considers it highly commendable if a man allows his brethren free use of all his spare houses and even spare accommodation in the same house in which he resides. But Islam does not enjoin it as a duty. At the same time Islam does not forbid letting out houses on rent. The same is the case with surplus clothes, utensils and vehicles in the possession of a man; Islam considers it laudable if the owner makes a free gift of his surplus possessions to the needy, but does not enforce such a conduct as a duty, nor declares the sale or hiring out of surplus property as unlawful. What then is so special about the Agricultural property that Islam should declare it an exception to its general rule and after exacting Zakat from its owner should also oblige him to donate his surplus land gratis to others and forbid him to enter into any partership with others on the basis of Muzarbat ?

6. In business, or Industry in fact in all spheres of economic activity Islam allows free rein to a man to enter into active or sleeping partnership with others. A man can invest capital and become a sleeping partner in another man's business. A man can invest both capital and labour and become an active partner in a joint venture. A man can hand over his capital to another in the form of a building, plant, motor vehicle, marine boat, ship or aeroplane and say, "Work on it and pay me a share in the profit according to this ratio."

But what reasonable grounds are there for asserting that a man should give his land to another and must not say: "Cultivate it and give me 1/3 or 1/4 or 1/2 share of its produce"?

(4)
CEILING ON LAND HOLDING

Q. Having read the Manifesto of the Jamaat, a local scholar has raised two questions. Please answer them.

1. In the case of land reform measures what is the ground for taking away all holdings in excess of statutory limit, especially when there is a precedent that the Holy Prophet (peace and blessings of Allah be on him) had granted to Hadrat Zubair a tract of land as extensive as his horse could

traverse and beyond, even as far as he threw his whip.

2. In the matter of eviction of tenants, it is clear that eviction is unlawful till the harvest has been borne away. But except this, there is no other bar to eviction. If there is any other bar, please explain with arguments.

ANSWER:

In answer to the first question, it must be borne in mind as a rule that the ownership rights of fief-holders over State-grants of land are not of the same nature as the ownership rights of those who purchase or inherit land. In the case of fiefs, the Government at all times reserves the right of review. On ascertaining that a certain grant is unfair, the Government can rescind or amend it. Several precedents of this are extant in Ahadith and آثار historical evidence. The Holy Prophet (peace and blessings of Allah be on him) had granted to Ibeaz bin Hamaal Mazini a tract of land in Marb, which yielded salt. Later it was brought to the notice of the Holy Prophet (peace and blessings of Allah be on him) that the tract contained a large salt mine, whereupon, deeming it to be against public interest, the Holy Prophet (peace and blessings of Allah be on him) rescinded the grant. This does not only lead to the inference that State grants of land may be reviewed but also that it is against Public interest to make an excessive grant to just one person and if such a grant has already been made it must be reviewed.

The same rule is established by the tradition in which it is narrated that Abu Bakr (Allah be pleased with him) wrote a decree granting a piece of land to Talha and directed Talha to secure on the decree the written witness of certain people including Umar. When Talha went with this request to Umar, the latter refused to put his stamp on the decree, observing ——— "What! shall such a large tract of land be granted to you alone and others left deprived."

(See *Kitab-ul-Amwal* by Abu Ubaid pp. 275, 276)

As regards the case of Hadrat Zubair, the grant was made to him by the Holy Prophet (peace and blessings of Allah be on him) at a time when far too many large tracts of land lay

fallow and the problem was how to settle them. Hence at that time the Holy Prophet (peace and blessings of Allah be on him) had freely granted large tracts of waste-land to several people.

On the subject of eviction, the Government has the power to enact a law that no land owner can eject his tenant on reasonable grounds. What is the bar to enacting such a Law? Well, if a text of the Quran does not forbid making such a law, then it follows that this power is included among those powers of the Imam (Authority among the Muslims) which he must exercise to establish justice among people, remove causes of social discontent and serve public interest. To-day when a vast majority of our population entirely depends on framework as a means of livelihood, it would be clearly against public interest to give free rein to the landowners to evict their tenants at will without reasonable cause. This would cause disaffection among tillers of the soil and the lives of tens of thousands of agriculturists will always remain unsettled.

(*Tarjumanul-Quran*, June, 1951).

(5)

FORM OF CROP-SHARING AND ISLAMIC PRINCIPLES OF JUSTICE

1. The form of Crop-sharing in which the owner and the tenant divide the crop according to a fixed ratio say 2/5 for the owner and 3/5 for the tenant, is in principle, unexceptionable. However, to meet the ends of justice it is imperative that the owner should give to the tenant for cultivation at least that much area of land, from whose produce he can gain sufficient share to meet his needs. Further justice and not custom should determine the actual amount of investment by the owner and the tenant in the production of the crop. No universal rule can be laid down on this head, for agrarian conditions vary in each region. Certain it is, however, that if the owner gives the land only and the tenant's investment consists of seed, implements, labour and the rest, the share ratio of 2/5 and 3/5 is not equitable. At any rate it is essential that the landowners should not only conduct their dealings with tillers according to the dictates of Sharia, but also resolve

to do liberal justice.

2. It is the established right of the land-owner to watch that the tenant does not misappropriate the harvest before division and also to see that the tenant performs his farming work honestly. But this supervision should not be calculated to reduce the tenant to the position of a serf or a labourer to be driven by the whip of the landowner's foremen. In principle the tenant is neither the land-owner's serf nor a labourer in his employ, but his business partner and it is in this capacity that he should be dealt with. One of the tenants' complaints brought to my notice is that the land-owner and his foremen constantly keep them under surveillance and interfere in every part of their work. It is this wrong which I seek to remedy.

LIMITATIONS ON THE USE OF PROPERTY

> "Give not unto the foolish (what is in) your (keeping of their) wealth, which Allah hath given you to maintain: but feed and clothe them from it, and speak kindly unto them. Try orphans till they reach the marriageable age; then if ye find them of sound judgment deliver over unto them their fortune; and devour it not by squandering and in haste lest they should grow up whoso (of the guardians) is rich, let him abstain generously (from taking of the property of orphans); and whoso is poor let him take thereof in reason (for his guardianship). And when ye deliver up their fortune unto orphans, have (the transaction) witnessed in their presence. Allah sufficeth as a Reckoner." (An-Nisa : 5, 6)

These Ayat bear wide meaning. They contain a comprehensive Order for the Ummat that the means of production should not be allowed to remain in the hands of an un-enlightened class which by misusing those means will disrupt the social and economic order of society and erode the moral values. The right of ownership of property is not unrestrained. If the owner is wanting in ability to use his ownership right in the correct manner or so exercises this right as to create social strife, his ownership is liable to prescription.

Every man must be provided with basic needs of life, but a

limit must be set on the free exercise of his right of ownership; so that the use of this right does not pose a danger to the moral, social and economic order of life. In accordance with this injunction at the individual level, every man of wealth must take care that the person to whom he is entrusting his wealth has the requisite capacity to use it wisely. On a higher plane, the Islamic State must take steps to nationalize the property of those who manage it inefficiently or unwisely and the wealth of those who expend it in evil ways. In this case the state must, however, subsistence to the owners.

It has also been directed in these Ayat that when the wards are approaching majority, the guardians administering their property must assess the mental capacity and development of sound judgment in the wards. Two conditions have been set for handing over the property to the ward. One, attainment of the age of majority; two, sound judgment i.e. capacity for right use of the property.

The legists are unanimous on the first condition. As regards the second, Imam Abu Hanifa (may Allah show him mercy) holds that if on attaining majority the orphan ward lacks sound judgment, the guardian should wait for a maximum period of 7 years, at the expiry of which he must hand over the property to his ward even if the latter is devoid of sound judgment. Imams Abu Yusuf, Mohammad and Shafii (may Allah show them mercy) are of the opinion that possession of sound judgment by the ward is an essential and inevitable condition for handing over the property to him. The latter group of legists would probably consider it judicious to refer the matter to the Qadi (Judge), and if the Qadi ascertains beyond a shadow of doubt that the ward lacks sound judgment, he should order the creation of proper agency for the management of the ward's affairs.[1]

1. *Tafhim-ul-Quran*, Vol. I, pp. 322, 323.

Interest

[Maulana Maudoodi has written a comprehensive book on this topic, in which he has dealt with all the essential aspects of this question from a rational, historical and shariah view-point. Surveying the history of Modern Banking, he has established that Interest is the worst instrument of economic profit and exploitation. Presenting a total refutation of the false doctrine which distinguishes between commercial and non-commercial Interest, the book gives the basic outline of an interest-free economy. An exhaustive study of the contents of this book is a must for all students of Economics. The present work reproduces only a few topics out of this book and some important discourses from '*Tafhim-ul-Quran*' and *Rasail-o-Masail*. For full comprehension of the subject, however, recourse must be had to the original work. —*Editor*.]

ISLAMIC ORDERS ABOUT INTEREST[1]

To begin with we shall try to understand what according to the Quran and Sunna is the definition of Interest, what are the laws about it and to what transactions do the prohibitory laws of Islam apply and finally having eliminated 'Interest,' on what pattern does Islam intend to regulate the economic affairs of man.

The Meaning of Riba

The Holy Quran uses the word riba to denote interest. The root of the word is ر ب و which covers the meanings "Excess", "Growth", "Increase" and "Rising". The word رَبَا means "grew and increased".

The expression رَبَا فُلَانٌ الرَّابِيَةَ signifies "He ascended the mound."

1. Adopted from Interest.

The sentence ربا فلان السويق says, "He poured water on grinded barley and it swelled."

"ربا في حجره" means "He grew up in lap of that person."

اربى الشئ is the equivalent of "Increased the thing."

ربوة denotes "Rising".

رابية means "Rising above the ground level."

Wherever these words originating from the same root have been used in the Holy Quran, they carry the meaning of "Excess," "Addition" and "Growth." For instance :

"When we send down water thereon, it doth thrill and swell and *put-forth every lovely kind of growth*" (22 : 5)

"Allah hath blighted usury and made almsgiving *fruitful*."
(2 : 276)

"and the flood beareth(on its surface)*swelling foam*."(13 : 17)

"therefore did He grip them with a *tightening grip*" (69 : 10)

So that one people might take *undue advantage* over the other." (16 : 92)

"We gave them (Mary and Messiah) refuge on a *height*."
(23 : 50)

The word *Riba* springs from the same root. It denotes "Excession to wealth and an addition to the principal."

This meaning has been explained by the Holy Quran itself :

"And give up what remaineth (due to you) from *usury*... ..

And if ye repent, then ye have your principal (without interest). (2 : 278, 79)

"That which ye give in usury in order that it may *increase* on(other) peoples' property hath no *increase* with Allah". (30 : 30)

These Ayat make it explicit that any increase on the principle will be called "*Riba*" But the Holy Quran has certainly not declared every kind of 'increase unlawful.' 'Increase' is obtained in trade also, The 'increase' declared unlawful by the Quran is a certain type of increase which it refers to as *Riba*.

This term was used by the Arabs to denote the same type of increase even before the advent of Islam. But then the pre-Islamic Arabs considered this kind of increase as lawful as increase by trade ; just as people do in the ignorant world of the present times.

Islam taught that increase in the capital by trade is different from the increase which is obtained by *Riba*. The former is lawful, the latter, unlawful :

> " That is because they (the swallowers of usury) say : Trade is just like Usury ; whereas Allah permitteth trading and forbiddeth usury." (2 : 175)

Since the term *Riba* signified a particular type of excess which was commonly known, hence the Holy Quran did not elaborate on it and said only that Allah forbids it, hence abolish it.

***Riba* in the Period of Ignorance**

Several kinds of transactions to which the term *Riba* applied in the period of ignorance have been recorded in tradition. Qatada says : that *Riba* in the period of ignorance had this form : A man sold a thing to another and allowed a certain period of grace for payment. If the payment was not made and the period of grace expired, the seller allowed a further period of grace but increased the bill. Mujahid (Allah's mercy be on him) reports that in the period of Ignorance *Riba* had this form : A man borrowed a sum from another and pledged himself to return an excess amount if the lender gave him a certain period of grace.[1]

The conclusion of Abu Bakr Jassas is that when the ignorant people borrowed from each other, they made a contract that at the end of a certain period of time a fixed amount shall be paid in excess of the principal.[2]

According to the research of Imam Razi (may Allah show him mercy) the custom of the ignorant people was that they lent a person some amount for a certain period and then received from him a fixed amount as interest each month. At the expiry

1. (*Ibni-Jareer*, Vol. III, p. 62)
2. (*Ahkam-ul-Quran*, Vol. I)

of the stipulated period of time the lender demanded his principal. If the borrower defaulted, another period of time was granted and the amount of interest was enhanced[1].

Such business transactions were common in Arabia and the Arabs referred to them as *Riba*. It is these transactions which were proscribed by the Holy Quran.

The Basic Difference Between Trade/Sale بيع and *Riba* (Usury)

Let us now consider the basic difference between Sale and Usury, the characteristics of usury which differentiate it from *Baiy'* (Sale), and the basis on which Islam forbids usury.

The term *Baiy'* (Sale) applies to a transaction in which the seller offers a thing for sale. The buyer and the seller came to an agreement on the price of that thing and in return for this price the buyer takes possession of the thing. One of the two conditions is essentially present in this case. Either the seller has created that thing with his labour and investment or he had purchased it from someone else. In both cases he adds his labour to his principal which he used in purchasing or producing the thing. This labour gives him a right to profit. In contrast to this the transaction of *Riba* (Usury) takes this form: A man lends his principal to another man and sets the condition that he will receive a fixed amount over and above the principal at the end of a certain period of time.

In this case principal stands counter to principal and the period of time is equated with the additional amount which has been predetermined as a condition. It is this additional amount which is called *Riba* or interest. It is not the payment of a particular commodity or thing; but the payment against time

If in the sale agreement it is set down as a condition that if the buyer delays payment say by one month the price will be enhanced at a certain rate and in case of further delay another surcharge will be payable, this excess will also fall under the definition of Interest. Hence Interest is to be defined as follows, "Interest is the excess amount on the Principal which is received at a fixed rate after a fixed period, both conditions

1. See *Tafsir Kabir*, Vol. II, p. 351.

being predetermined."

Excess on the Principal, the determination of this excess according to the period of time, and excess being a condition of the transaction——these are the three ingredients of Interest. Every transaction in which these three ingredients are present is a usurious transaction, regardless of the consideration, whether the loan was taken for productive investment or to meet a private need or whether the debtor is rich or poor.

The basic difference between sale transaction (بیع) and interest (سود) is this:

(1) In sale transaction the exchange of profit between the buyer and the seller takes place on a footing of equality, for the buyer takes advantage of the thing which he has purchased from the seller and the seller receives compensation for the labour, intelligence and time which he has expended in procuring the thing for the buyer. In contrast to this in a usurious transaction the exchange of profit does not take place on an equal footing. The usurer takes a fixed amount of wealth which is a secure advantage for him. On the contrary the interest-payer obtains a period of time only whose productivity is not certain. If the debtor has obtained the loan to meet his private needs, then the period of time he has secured is certainly non-productive. If he has taken the loan to invest in business, agriculture, industry or trade, then the chances of securing profit or incurring loss within the given period are even. The lender in any case takes a fixed portion of the profit whether the borrower is earning profit or incurring loss in his business. Hence the usurious transaction is based on either the profit of one party and the loss of another or on the certain and fixed profit of one party and the uncertain and indeterminate profit of another.

(2) In business bargaining, the seller takes profit from the buyer only once, however high that profit may be. But in the case of usury, the lender continuously receives

profit on his principal and the rate of profit goes on increasing with the passage of time. Whatever the amount of profit that the borrower may have earned on the principal that profit cannot exceed a certain limit, but profit that the lender earns on his principal, knows no end. The profit of the lender may suck in the entire earnings, means of income and even the household effects of the borrower, and yet not come to an end.

(3) In business bargaining the transaction closes with the exchange of thing and its price. The buyer has no obligation to discharge towards the seller after the completion of a bargain.

In the case of usury, however the borrower first exhausts the principal and then he has to regain it and return it to the lender with the addition of interest.

(4) In the field of commerce, industry and trade and agriculture a man earns profit by investing his labour and intelligence. But in the business of Usury, a man lends out his superfluous capital and without putting in any effort, labour or expense, becomes a dominant partner in the earnings of the borrower.

He is not a partner in the actual sense of the term, because a partner shares both in the profit and the loss, and takes his share in proportion to the volume of the profit. The usurer on the other hand is a partner who claims a fixed rate of profit without regard for profit or loss or the volume of profit in the business.

The Cause of Prohibition

It is due to these reasons that Allah has declared trade lawful and usury unlawful.

Apart from these reasons there are other causes for the proscription of interest. Usury develops miserliness, selfishness, callousness, inhumanity and financial greed in the character of man. It drives a wedge between nations. It severs the ties of sympathy and fraternal cooperation between individual within a nation.

It creates a tendency among the people to hoard money and spend it to promote their private interest only. It blocks the free circulation of wealth in the society, and diverts the flow of money from the poor to the rich. Because of usury the wealth of the people at large accumulates in the hands of one class, which finally leads to the destruction of the whole society, as every learned economist knows. All these evil effects of usury are irrefutable. This being so, it is also an undeniable fact that usury negates every part of the system which Islam presents for the moral training, cultural reconstruction and economic organization of humanity, and that even the smallest and apparently harmless form of usurious business deforms the entire Islamic system. That is why Allah has strictly prohibited usury in the severest terms :

Fear Allah and give of that interest which is still due to you, if you are true Belivers ; but if you do not do so, then you are warned of the declaration of war against you by Allah and His Messenger. (2 : 278-79)

The Severity of Prohibition on Usury

The Holy Quran forbids many other sins also and warnings of condign punishment for them have also been given, but in no other case have such severest terms been used as in the prohibition of usury.[1]

It is for this reason that the Holy Prophet (peace and blessings of Allah be on him) exerted himself to the utmost to suppress usury in the Islamic State. The agreement which he (peace be on him) signed with the Christians of Najran contained an explicit clause that if they indulged in usury, the agreement would stand abrogated, and the Muslims would be constrained to fight with them. The Banu Mughira were notorious usurers in Arabia. After the victory over Mecca, the Holy Prophet (peace and blessings of Allah be on him) abolished all their interest and wrote to his agent in Makkah that if they did not give up usury, he should make war on them.

1. The words of one tradition are "the sin of usury is seventy degrees baser than incest with one's mother." (Ibn-i-Maja)

The Prophet's own uncle, Hadrat Abbas was a big money lender. On the occasion of the Farewell Hajj, the Holy Prophet (peace be on him) declared that "all interests on loans taken during the period of ignorance stand abolished and I abolish all interest on the loans advanced by my uncle Abbas." The Holy Prophet (peace be on him) went so far as to say "O he who takes interest and he who pays it and the scribe who writes the contract of usury and he who witnesses it ——upon all be the curse of Allah ! "

The aim of all these orders was not to ban a particular kind of usury (the money-lender's interest) only and keep the door open to all other forms of interest.

Their real objective was to liquidate capitalist norms of morality, capitalist mentality, capitalist culture and capitalist economy and to establish in their stead a system in which generosity took the place of stinginess, sympathy and a cooperative spirit replaced selfishness, Interest gave place to Zakat, and the Bank was replaced by National Exchequer and thus to uproot all those problems for the resolution of which the capitalist system first takes recourse to such devices as Co-operative societies, Insurance Companies and Provident Funds and finally succumbs to the unnatural system of Communism.

(2)

THE 'NEED' FOR INTEREST—A RATIONAL ANALYSIS[1]

So far we have considered the precepts of Quran and Sunnah on the subject under discussion, We shall now review the topic on a rational basis.

The first point to be determined is: Is Interest really a reasonable thing ?

Is a man really justified on rational grounds to claim interest on his lendings ? Does Justice really demand that the borrower must return some interest in addition to the principal. This is the foremost question in this discussion and its answer settles half the issue. For if the Interest is a rational thing

1. Adopted from *Sood* (Interest) by Maulana Syed Abul A'ala Maududi Published by Islamic Publications Ltd., Lahore Pakistan.

the case for its prohibition collapses. But if no justification for interest can be found on the ground of reason and justice, then the only question which merits discussion is: Why should we insist on keeping in operation such an unreasonable thing in human society?

(a) Compensation for Risk and Sacrifice?

The first argument that is advanced in answer to this question is: A man who lends out his savings to another takes a risk and makes a sacrifice. Forsaking his own need, he fulfils the need of another. He hands over, to another, wealth from which he himself could have earned profit.

If the borrower has taken loan from him to fulfil a personal need, he should pay rental on the wealth, just as he pays rent on the house or fare on a vehicle. This 'rental' will be the compensation for the risk which the lender runs by handing over his money to the borrower, and also a return for the sacrifice which the lender has made in providing a thing of utility for the use of the borrower. If the borrower has taken this loan to invest in a profitable business then the lender has the pre-emptory right to claim interest. After all when the borrower is earning profit on the lender's money, why should the lender be denied a share in the profit?

This part of the argument that the lender runs a risk as well as makes a sacrifice is quite sound. But how does this confer a right on the lender to charge a price for his risk and sacrifice at the rate of 5 or 10% per annum, quarterly or per mensem? The only reasonable rights that he has on the ground of risk are that he can take over a property of the borrower as a pledge, or demand security for his loan in the form of a thing or personal guarantee or refuse the loan. Risk is not an article of merchandise which may command a price, nor is it a house or furniture or a vehicle for which a rental may be fixed. As for sacrifice, it is sacrifice only as long as it is not turned into business. A man who wants to perform an act of sacrifice, should remain content with its moral dividends, but if he demands material benefits from it, it does not lie in his mouth to talk about sacrifice. He

should talk business and say on what grounds does he demand a monthly or yearly sum over and above his principal ?

Is Interest a penalty ?

But the amount which he lent out was superfluous to his needs and he was not making use of it himself. Hence in this case no 'foul' has actually occurred for which he can demand a "penalty".

Is Interest rent ?

But rent is charged on those things which a person provides and maintains for the use of the tenant by spending his time, labour and money. While under the use of the tenant these things suffer wear and tear and constant depreciation in value. This definition applies only to things of utility such as a house, furniture and a vehicle. So it is quite reasonable to charge rent on them. But by no stretch of imagination does this definition apply to consumer goods such as corn or fruit or to money which is only a means of purchasing goods and services. Hence it is preposterous to charge rent on them. At the most a lender can assert that he is providing an opportunity to another man to take advantage of his wealth, hence he must get a share of this advantage. This is a reasonable proposition. But the question is whether the indigent man who borrowed fifty rupees from you in order to feed his starving family is taking such a great advantage of your corn or wealth that you deserve a share out of this advantage at the rate of 1/16 kilo of corn or Rs. 2% per month.

There is no doubt that the borrower is taking advantage of your wealth. It is also true that you provided him the opportunity to take this advantage. But by which principle of reason, justice, economics and business does this advantage and the opportunity to take advantage acquire a price tag which increases in proportion to the severity of the borrower's difficulty and enhances month by month and year by year as his period of hardship lengthens out.

If you are not large-hearted enough to confer your superfluous wealth on a needy and calamity-stricken person, the most

reasonable thing for you to do would be to lend out your money after securing guarantee of its repayment. But if your heart cannot bear even to lend out money, it is in the last resort also reasonable for you to refuse the loan.

But what kind of business is this that the hardship and distress of a person should become your golden chance to make profit, the starving and dying patients a good opportunity of investment and the ever growing human misery your grand possibility to reap richer dividends. If there is any form of "Giving an opportunity to take advantage" which carries a financial value, it is only when the borrower is investing the loan in business. In such case the lender has a right to say that I should get a share of the advantage which the borrower is deriving from my capital.

It is, however, clear that capital by itself cannot produce profit. It yields profit only when human labour and intelligence works on it. Again even human labour and intelligence does not bear fruit instantly.

The combined force of capital, human labour and intelligence produces profit only after a certain period of time. Moreover, it is not certain that the venture will yield profit, it might result in loss or bankruptcy.

Again even if the possibility of profit be admitted, the volume and time of profit cannot be predetermined. Now how can it be considered rational that the lender's money should produce profit at the very instant that human labour and intelligence begins to work on it, and not only that but the rate and volume of profit should be fixed, while the truth is that with the combination of capital and human labour the production of profit does not become certain, nor can the rate of profit be predicted.

The only rational proposition that can be admitted is this :

A man who wants to invest his savings in a profitable venture should enter into partnership with the entrepreneur and take his share in profit or loss according to an agreed ratio.

How can it be a fair form of earning profit that instead of

entering into partnership with a man I should lend him a hundred rupees and say to him, "since you will take advantage of my money, so I have acquired a right over you that you should pay me one rupee per month as long as you are using my money in your business" ?

The question is, until the borrower has added his labour to the capital and has begun to earn profit wherefrom do I claim my share ? If the borrower incurs loss instead of earning any profit, by what common of justice or reason do I have a right to receive a monthly "profit" ? And if his total profit is equal to Re. 1/- what standard of justice holds it right that the man who puts in his time, labour, skill and private capital, everything in the business should receive nothing and I who had become a sleeping partner by giving him Rs. 100/- should expropriate all his profit ?

Even an ox working an oil expeller all the day long has at least the right to demand its daily feed from his master. But the usurious debt turns a business-man into such an animal who should works all the day long for the lender but should get his sustenance from somewhere else.

Again supposing the profit of a business-man exceeds the fixed sum imposed on him as interest by the lender, even then by no stretch of reason, justice, business principle or rule of economics can it be justified that the business-man, artisan or farmer and all others who contribute any way in the process of production of the necessities of the society, spend their time, endure hard labour, tax their brains and use up all their mental and physical energies, should look forward to an uncertain and indeterminate profit while the other man who has only lent out his savings should bask in the certainty of a fixed profit. All the others should face the risk of loss but this man should have a pure guarantee of profit. Their profit should fluctuate with the rise and fall of market prices while this man who has already determined his profit should receive it regularly month by

month and year by year.1

(b) **Compensation for the "Opportunity" and "Grant of Time"**

The foregoing critical analysis makes it explicit that the much-vaunted arguments proving the rationality of Interest, however plausible they may seem on the surface, begin to explode when examined in depth.

As regards loans taken to meet private needs, there is no rational argument imposing interest on them at all, so much so that the votaries of interest themselves have given up this weak case.

As for commercial loans, here too the votaries of interest are hard put to answer the question: What is the thing of which interest is the price? Besides the capital, what other substantial commodity does the lender provide which entitles him to receive a fixed monetary price, month by month and year by year? The identification of this substantial commodity is a complex problem for the votaries of interest. A section of them says interest is the price of "providing an opportunity to take advantage." But as elaborated in the above analysis, the provision of this opportunity does not create any entitlement to a fixed, certain and progressively increasing price. On the contrary it entitles the lender to a proportionate profit only in case the borrower has earned any profit.

Another section shifts the position a little and declares interest as the price of the "time" which the lender grants to the borrower for making use of the capital. According to them, this "time" has a value of its own and as its duration lengthens out, its price goes on increasing.

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1. One may have raise an objection as how can the lending of a cultivable land against a fixed amount be justified when it is quite similar to lending money on interest. This objection concerns only those who justify a certain cash deal say Rs. 50/- or 100/- per kanal in advance. I do not consider it permissible or proper, rather I find it similar to interest; hence no explaination of this objection is due to me. In my view crop-sharing is the correct way of bargaining between the landlord and the tenant fixing their proportionate shares in the crop yield. To me it is just like business partnership and therefore permissible.

From the day, the borrower invests the loan in business, to the day when the commodity produced with this capital reaches the market, every moment is precious for the borrower. If he does not get this time, and the capital is withdrawn in the midst of business operation, the business cannot be conducted at all. Hence 'time' has a definite value for the borrower and he is taking advantage of it, why then should the lender be denied a share in this advantage ?

Fluctuations in the duration of this time certainly produce fluctuations in the profit rate of the borrower. Hence why should not the lender determine the price of this 'time' according to its long or short duration ?

But here again the question is by what source does the lender obtain the knowledge that the money which the borrower is taking for investment in business will produce profit, not loss ?

Further, how can the lender be sure of a certain percentage of profit in order to determine his share in it ? And again what means has he of computing that the time, which he is granting to the borrower to avail of the capital, will invariably produce a certain amount of profit every month or every year, hence a certain price for this time on a monthly or yearly basis must be fixed before hand ?

The votaries of interest have no reasonable answer to these questions. So the conclusion is inescapable that the only reasonable business transaction is partnership in profit and loss and proportionate share holding and not Interest which is imposed at a pre-determined rate.

(c) **A Share in Profitability.**

A third section of the votaries of Interest holds that 'Profitability' is the natural quality of capital. Hence by providing capital to the borrower the lender acquires a right to demand interest from him. By its inherent power capital helps in the production and procurement of consumer goods. Capital alone helps to boost the level of production. It is with the help of capital only that more and better quality production

can be achieved and transported to profitable markets. Without the capital, the level of production and the standard of quality declines and access to better markets cannot be obtained. This proves that profitability is the natural attribute of capital. So its use alone establishes the right of interest.

But, in the first place, the claim that " Profitability " is the natural quality of capital is fundamentally wrong. This quality is created in the capital when it is invested by man in some fruitful venture. Only in this case can you argue that since the borrower is making profitable use of the capital, he should pay a part of the profit to the lender. But what economic value does capital create in the hands of a man who has borrowed it to pay the Doctor's bill or the fees of the Undertaker?

Is the lender justified in demanding "a share of the economic value," from such a man? Again capital invested in fruitful ventures does not necessarily create more value. It cannot therefore be claimed that production of value is the natural quality of capital. Excessive capital investment very often, has the effect of lowering the profit margin rather than increasing it, so much so that it may even result in loss. The cause of periodical crises in the business world to-day is nothing else than excessive investment of capital in business, which boosts production. Increase in production sets a downward trend in prices. Abundance of goods and low prices bring down the margin of profitability of capital investment to nil.

Furthermore, if capital at all has the quality of " profitability ", its coming into full effect depends on several other factors; for instance the labour, ability, intellect and experience of its users, suitable economic, cultural and political conditions, protection from natural calamities and international upheavals. These and other similar factors are the essential prerequisites for the capital to produce profit. In the absence of any one of the above factors, the capital often loses its "profitability," rather it turns into dead loss. But the money-lender neither takes the responsibility for fulfilling these conditions nor admits

that in case his capital failed to yield profit due to lack of any of the above conditions, he would not demand his interest. Instead he claims that the mere fact that someone else is using his capital entitles him to a fixed percentage of interest regardless of whether his capital produces any profit or not. Even if we do concede that "Profitability" is the natural quality of capital and so the money-lender is entitled to a share in profit, how would we compute precisely the current rate of profitability so as to determine a fixed rate of interest?

If we admit also that current rate of interest can be determined by some formula of calculation, it yet passes beyond our comprehension, how could a money-lender, who advanced a 10 year loan in 1949 to some business firm at the current rate of interest and a 20 year loan to another business company, ascertain that ten or twenty years hence the profitability of capital will remain static at the current rate, especially when in 1959 the market of interest was quite different and in 1969 had further varied a great deal?

By what argument would a lender be justified, who had obtained from one company for ten years and from another for twenty years an absolute undertaking that he would be paid a fixed share in the prospective profit at the rate prevalent in the year 1949.

(4) Compensation for "Time"

The final argument is rather more ingenuous. Its substance is: Man by nature prefers the advantage, pleasure, enjoyment and comfort at hand to future advantage and pleasures. The more distant the future, the more doubtful is its advantage and pleasure and the less their value in ones eyes. There are several causes for this preference for the instant over the distant. For example:

(1) The future is invisible and life is uncertain. Hence future advantage is also doubtful and man cannot visualize it. In contrast to this, the net advantage of the present is certain and visible.

(2) The instant fulfilment of his need is more vital and valuable for a needy person than the promise of a certain thing in the future which he might or might not need then.

(3) The wealth available to-day has practical utility and value. Hence it is preferable to the wealth which the future holds in store.

Owing to the above reasons the advantage available at hand takes a precedence over the uncertain advantage of the future.

Hence the value of the sum which a man borrows to-day is certainly more than the value of the sum which will he return tomorrow and interest is that surplus value which when added to the principal brings the returned sum at par with the borrowed sum. For instance, a man solicits a loan of Rs. 100/- from a money-lender who settles the transaction on this condition that in return for Rs. 100/- advanced to-day he will receive Rs. 103/- after one year. In this transaction actually Rs. 100/- of the present have been exchanged for Rs. 103/- of the future. The amount Rs. 3/- represents the difference between the psychological (not economic) value of the present and the future wealth. Unless the amount of Rs. 3/- is added to Rs. 100/- after one year, it will not become equal to the value which the lender had given to the borrower. One cannot but applaud the ingenuity of this argument. Nevertheless, the difference that has been pointed out between the psychological values of the present and the future is actually nothing but an illusion. Does human nature really consider the present as more important and more valuable than the future? If this is so why do a majority of people not consider it wise to exhaust all their earnings to-day and prefer to save a portion of their wealth for the future? Perhaps you will not come across even one per cent of people who have abandoned all care for the future and prefer to spend all their wealth on present pleasure and enjoyment. At least 99% people do withhold fulfilment of their present needs to make provision for the future, for the

anticipated or probable needs and fears of the future loom larger on the mental horizon of a man than the problems through which he is muddling now. Again for what other object does a man struggle and strain himself in the present than that his future should be bright?

A man expends all the fruits of his present labours in a bid to secure a better life in the future. You will hardly find a man foolish enough to choose a better present at the cost of a worse future. It is a different matter if a man does so out of ignorance, stupidity or under the influence of momentary lust, but none would deliberately accept this choice as correct and reasonable.

Further if the assertion that man prefers present satisfaction at the expense of future loss be conceded for a moment even then the argument upon which this assertion is based appears irrelevant. According to the interpretation put forward above, the contract between the lender and the borrower provided that Rs. 100/- of the present would be equal to Rs. 103/- of one year hence. Now when the borrower goes to pay his debt, what is the actual nature of transaction? The Rs. 103/- of the present become equal to Rs. 100/ of a year before. And if the borrower cannot settle his debt after one year, then at the end of the second year Rs. 100/- of the past become equal to Rs. 106/- of the present. Is the ratio between the value and price of the past and the present really this? Further, is it a correct principle that the more distant the past, the more its value in comparison with the present?

Is the fulfilment of past needs so dear to you that the money which you had obtained and spent a long time ago should, with the passage of time, become more and more valuable for you in comparison with the money in hand, so much so that even if fifty years have gone by since you spent Rs. 100/-, their value should become equal to Rs. 250/- of the present?

"Reasonableness" of the Rate of Interest

This then is the substance of the arguments which the advocates of usury present to establish the rationality and

justice of interest. The above criticism must have revealed to you that this impure thing has not the slightest relation with rationality.

No argument is weightier enough to supply a reasonable ground for receiving or paying interest. But it is a strange irony that the Western scholars and thinkers included such an irrational thing among the established and accepted premises of their doctrines and assuming that rationality of Interest itself was an established truth, they focussed all their discussion on the point that the rate of interest should not exceed 'rational' limits! You will rarely find in modern western literature a discussion on the validity of Interest itself. On the other hand whatever debate you find among western writers relates largely to these questions: A certain rate of interest is 'unduly high' and 'exceeds the limits' and is therefore, objectionable, and such rate of interest is 'reasonable' and hence acceptable.

But is any rate of interest really reasonable? Let us for the moment ignore the question as to how can a debate on the reasonableness or unreasonableness of the rate of a thing may arise whose rationality by itself is questionable? Setting this debate aside what we wish to know is: which rate of interest can be called natural and reasonable. And by what standard can a certain rate be regarded as fair or unfair? And is the rate of interest really being determined in the usurious business world on any rational basis? When we investigate this question the first fact which appears before us is that no such thing as 'a reasonable rate of interest' has ever existed in the world.

Many rates were considered reasonable in several epochs and later the same rates were adjudged unreasonable. Even in the same period one rate was held resonable in one place and a different rate was considered reasonable in another place. In ancient India, according to a statement of Kautilya from 15% to 60% of interest per annum was held a quite reasonable and just rate and greater risk justified an ever more elevated rate.

In the latter half of the 18th and first half of the 19th

centuries the financial transactions of native states with native bankers on the one hand and the East India Company on the other commonly involved interest rates of 48% per annum.

During the 1914-18 World War, the Government of India raised War Loans at 6½% interest per annum. In the period between 1920-30, the Co-operative Societies conducted their business generally at 12 to 15% rate of interest. From 1930-1940 the Civil Courts in the country held 9% interest per annum as perfectly reasonable. Around the time of World War II the discount rate of the Reserve Bank of India was fixed at 3% per annum and this rate remained in force throughout the period of the War. The Government of India raised loans even at 2 3/4 % per annum. So much for our own continent ; looking at Europe we observe almost the same pattern there. In the middle of the 16th Century 10% rate was held as quite reasonable in England. Around the year 1920 some Central Banks in Europe charged 8% or 9% and the rate at which the League of Nations raised loans for European States was nearly the same. But mention this rate of interest to any body in Europe or America today and he will vehemently protest "This is not interest ; it is naked plunder". To-day the favourite rate of interest everywhere is 2½ or 3%. Four per cent is considered the extreme limit. Under certain conditions the rate to-day drops down to 1 or 1/2 or even 1/4%. But on the other hand the Money-lenders' Act 1927 in England permits bankers to charge upto 48% interest per annum from the poor borrowers.

The American Courts have validated interest rates ranging from 30% to 60% per annum. The point is which of the above rates is natural and reasonable ? Let us go further and enquire whether any rate of interest can in fact be natural and reasonable ?

When you deliberate on this question, reason tells you that a rational rate of interest could be fixed only if the value of the profit accruing from the borrowed sum were determined (or determinable). For instance, if it were a settled fact that an investment of Rs. 100/- for a year yields a profit of Rs. 25/- it

could then be said that Rs. 5/- or Rs. 2½/- or Rs. 1¼/- is a natural and reasonable share of the profit for the lender.

But clearly the profit on any sum thus lent out has neither been determined nor can ever be, nor is the market rate of interest ever fixed on the consideration of what profit will the borrower earn or indeed whether he will earn any profit at all. In practice, the money-lender fixes his rate of interest in proportion to the precariousness of the borrower's situation and in the commercial usury market the fluctuations in the rate of interest take place on some other basis which do not bear the remotest connection with reason or justice.

Factors which Determine the rate of Interest

In the money-lending business the lender generally makes an assessment of the situation in which the intending borrower is placed i.e. his poverty, his need and the degree of his distress, if he were not provided with a loan. It is on these considerations that the money-lender determines the rate of his interest. If the intending borrower is not very poor, requests a small sum and happens to be in no great misery, the rate of interest will be low. On the contrary the rate will increase in direct proportion to the height of his misery and the extent of his need, so much so that if the child of a starving man is dying of illness, the money-lender will not deem an interest rate of four or five hundred per cent as unduly harsh. In a case like this the 'natural rate of interest' is determined according to the same standard by which during the holocaust of 1947 a Sikh demanded Rs. 300/- as the 'natural' price of a glass of water from a Muslim at Amritsar Railway Station, because the Muslims' child was dying of thirst and no one from the Muslim refugee train could disembark at the platform to get water from the tap. As for the other kind of Financial Market, there are two schools of Economic thought regarding the basis on which the Interest rate in this market rises or falls:

One school holds that the fluctuation in the interest rate follows the Law of demand and supply. When there are investors and there is abundance of capital to lend, the interest

rate plunges down. When the rate is sufficiently low, an increasing number of entrepreneurs wishing to take advantage of the opportunity, begin to apply for loans to invest in business. As the demand for capital grows and the market is depleted of money, the rate of interest flies upward until it reaches a height where it stifles the demand for loans.

Now, what does this mean ?

The capitalist does not enter into a straight and reasonable partnership with the entrepreneur and settle his share in the actual profit of the business on a just basis, instead he makes an assessment that the entrepreneur will make at least so much profit out of the business. Hence I must claim this much rate of interest on the loan I am giving. On the other hand, the entrepreneur also makes an assessment that the money I am borrowing can produce this much profit at the maximum. Hence the interest should not exceed this limit. Thus the capitalist and the entrepreneur, both indulge in speculation. The capitalist always makes an exaggerated guess of the entrepreneur's profit, while the latter's hopes of profit are not unmixed with fears of loss. Owing to this contradiction, there is constant conflict instead of co-operation between the capitalist and the entrepreneur. When the entrepreneur wishes to borrow in the hope of productive investment, the capitalist begins to raise the rate of interest, till it reaches a level at which it is no longer possible for the entrepreneur to make profit on his borrowings. Thus when capital investment in business stops, the wheel of economic development suddenly grounds to a halt. The entire business world is gripped by an acute crisis of depression. Sensing his own destruction, the capitalist now lowers his interest rate to such a level that the hopes of the entrepreneur to make profit on his loans are revived. So capital begins to flow into Commerce and Industry and the Economy steps out of the crisis stage. This clearly shows that if the capitalists and the entrepreneurs cooperated with each other by entering into business partnership on equitable basis the World Economic System could run on an even keel. But when Law

itself opened the door to the capitalist to lend out money on interest, a spirit of speculation and gambling entered into the relationship between capital and business, and the rate of interest was driven up and down by such speculative methods that the whole world groans under a perpetual economic crisis.

The second school of economists explains the determination of the interest rate as follows :

When the Capitalist wishes to keep his money for his own use, he raises the rate of interest. As this wish abates, the rate of interest also comes down. As to the question : Why does the capitalist prefer to keep his money to himself ? They answer that it is due to many causes. Some money has to be reserved for private or business needs, and some has to be kept aside for emergencies or unforeseen needs i.e. for instance some extraordinary personal expense or unexpected arrival of a good business opportunity. Besides these two, there is the third and most important reason that the capitalist prefers to hoard sufficient cash in order to avail of a future chance to earn profit in case of fall in prices or rise in the interest rate. The question which arises at this stage is : Is the desire, to hoard money created in the heart of the capitalist by these causes, subject to waxing and waning, thereby resulting in the rise or fall of the interest-rate.

In answer to this question it is alleged that a variety of causes personal, social political and economic often serve to enhance this desire. Hence the capitalist raises the rate of interest with the result that level of capital investment in business falls. Sometimes, due to the same causes, the desire of the capitalist to hoard money dwindles, hence he lowers the rate of interest. In consequence the entrepreneurs start raising loans to invest in business and industry. Just see what is hidden behind this plausible explanation. As for the domestic and business needs of the capitalist, his desire to preserve cash to meet ordinary or emergency conditions, accounts for hardly five per cent of his capital. Hence it is not correct to give undue importance to the first two causes. Why does he sometimes withhold 95% of his

capital and sometimes pours it into the credit market is really accounted for by the third cause. On analysis this cause reveals the fact that with extreme selfishness the capitalist continues to watch the conditions prevailing in the world, in his country and among his own people. Sometimes he foresees a certain situation in view of which he wishes to keep himself armed with the weapon by means of which he can exploit the hardships, calamities and afflictions of the society and add to his own prosperity by burdening the community with more problems. Hence in order to indulge in speculation he withholds his capital, raises the interest rate and stops the flow of capital investment in business and industry, and exposes the society to the great disaster called "Depression".

Now when he perceives that he has had his fill of plunder and no further exploitation is possible, rather the prospect of loss has come nigh, then "the desire to keep his capital for his own use" dwindles in his wicked soul. He throws the bait of low interest to entrepreneurs and opens his vast coffers to the borrowers. Modern economists have expounded only these two theories of fluctuation in interest rate, and both are valid in their own right. Whatever the theory, however, how does it, or can it determine a "reasonable" and "natural" rate of interest. Either we shall have to transform the connotation of "Reason", "Reasonability" and "Nature" or shall have to admit that the causes that determine the rate of interest and its fluctuation are as unreasonable as the Interest is in, itself.

The Economic Benefit of Interest and its 'Need'.

The advocates of Interest move on to another debate i.e. the Interest is an economic necessity and that it entails certain exclusive benefits. The substance of the arguments which they advance in support of this claim is as follows :

1. The entire business of social economy depends on capital formation and capital cannot be accumulated unless the people save by curtailing their needs and desires. Saving is the only means of capital formation. But how can a man be persuaded to curb his needs

and adopt the habit of saving unless he is promised a reward for self-control and sacrifice ? Interest is the reward whose hope impels people to save. Therefore, if Interest is declared unlawful, the process of saving surplus wealth which is the only source of capital formation will stop.

2. The easiest method of luring capital into business is that the door should be kept open for the people to earn interest on their savings.

   'Interest' provides incentive to saving and again it is the incentive of Interest which leads people to lend out their savings to businessmen at an agreed rate. If this door is barred, the incentive to save will evaporate and business will be denied even that little amount of savings that is already in hand.

3. Interest not only serves as an incentive to saving and pulls the savings into business, but also protects savings from unproductive use.

   The rate of interest is the device which automatically ensures that capital should go into the most productive of all possible business ventures. Other than this, there is no imaginable device which can sift productive ventures from the non-productive, more productive ventures from the less productive and can divert capital towards ventures of maximum profitability. The consequence of the elimination of interest in the first place would be careless investments by the public and secondly, the people will start making investments in all sorts of productive and non-productive ventures indiscriminately.

4. Debt is one of the inevitable needs of human life. The individuals require it to meet private needs. The businessmen need it often. Governments too cannot do without it. To what extent can mere charity provide large scale debts to this vast sector ? If the incentive of interest is eliminated, the capitalist

will hardly agree to lend his money. Thus the removal of credit will have an extremely adverse effect on economic life. After all a poor man can tide over his bad times by raising a loan from the moneylender. If the incentive of interest were extinguished, the poor man would rot to death without anyone coming to his rescue. A businessman, when he is short of money, borrows on interest and his business goes on running smoothly. If the door of credit were slammed on him, he would come to the brink of insolvency many times over. The same is the case with Governments. They meet their needs by raising loans on interest, otherwise where and how often will they find generous financiers who would lend them millions without interest ?

Is Interest Really Necessary and Beneficial ?

Let us now examine each of these "benefits" and "necessities" separately and see whether they are real or only perverse illusions.

The first deception is that individual saving and capital hoarding is considered to be a necessary and useful factor of economic life. The reality is otherwise. Actually economic progress and prosperity entirely depend on the rapid disposal of gross national production, so that the cycle of production and consumption continues to revolve smoothly and at fast speed. This can only happen when people generally form the habit of spending all the wealth they earn from their economic efforts, and when they are so magnanimous as to divert their surplus wealth to the deprived sections of the society so that they too may buy adequate amount of the necessities of life.

In contrast to this the advocates of interest teach those who have surplus wealth to economise (for economy they use such euphemisms as 'self-control', 'austerity' and 'sacrifice') and refrain from fulfilling a major part of even their genuine needs. In this way each person is advised to save as much as he can. The advocates of interest believe that the benefit of this scheme would be large capital formation which would then be

used for the development of business and industry. Yet the reality is that this scheme will result in loss inasmuch as a major portion of the consumer goods in stock will remain unsold, because those who had less purchasing power did not buy and those who could buy did not do so, and finally because those who had surplus wealth chose to sit tight on it, instead of diverting it to the deprived sections of the society and thus strengthening their purchasing power. Now if in each cycle of production the section of society who has enough or surplus purchasing power neither buys a large portion of the production nor transfers the purchasing power to the deprived sections of the society, but continues to withhold and accumulate wealth, the net result will be that in every production cycle a sizable portion of the Gross National Production will remain unsold.

Less consumption will mean less jobs, which will result in less earnings which again will lead to lesser consumption. Thus hoarding of wealth by a tiny minority will spell economic disaster for a vast majority of people. Finally the hoarders of wealth will themselves be overtaken by economic ruin, for where will they sell the products turned out by their investments ?

Reflection will reveal that the real economic need is to eliminate those causes and incentives which incline individuals to withhold and accumulate their earnings instead of spending them. The economic welfare of the whole society demands that on the one hand social institutions should be established to assist individuals at the time of hardship thus obviating the need to save earnings and on the other Zakat should be levied on accumulated wealth, so that the people may feel less inclined to hoard their wealth. A part of the wealth which remains stuck despite these measures should at any rate be diverted to those who receive a small share from the circulation of wealth. In contrast to this the modern economists sharpen the instinct of stinginess in some by the bait of interest and induce even those who are not stingy to save wealth instead of spending it.

The capital thus formed at the expense of collective prosperity is then channelled into productive ventures by no other means than interest. This is another crime against collective well-being. If this accumulated wealth were invested in business on the condition that the investor would take a proportionate share of the profit, even then it would have been tolerable. But the capital is invested on the condition that the investor must have his profit at a fixed rate irrespective of whether the business earns less or more profit or no profit at all. In this way collective economy suffers double loss.

The first loss occurred when the money was withheld from spending and accumulated. The second loss resulted from the investment of this accumulated wealth in economy not on the principle of partnership but as a debt on the industrial and commercial sector of the society, with a legal guarantee of a fixed profit.

This wrong system creates a situation in which a majority of such individuals as command purchasing power do not use it in buying the national products, but continue to heap it as an interest bearing debt on society. The society is caught in the perplexing problem of how to repay this progressively increasing debt and its interest when the sale of commodities produced by the aid of this debt is becoming difficult day by day. Millions of people do not buy these commodities because they have no money, and thousands of people do not buy them because they conserve their purchasing power in order to transform it into interest bearing credit. According to modern economists one advantage of Interest is that it constrains the businessman to avoid useless expense of capital and utilise it in the most productive manner. They mention it as a virtue of the rate of interest that it acts as a mute guide and leader of business.

Again it is due to the blessing of the rate of interest that from all the possible avenues of its flow the capital selects only that business channel which is the most productive.

But lift this curtain of gullibility and see the reality hidden

behind it. The first service rendered by Interest is that it abolishes all other interpretations of 'profit' and 'profitability' save the one which equates 'profit' with 'monetary profit' and 'profitability' with 'material profitability'. In this way capital acquires a single track mind. Previously it could flow into channels which promised profits other than money. Now it goes straight in the direction of guaranteed monetary profit.

The second service that Interest renders through its fixed rate is that the yard-stick of 'profiable use' of capital changes from Society's profit to the capitalists' individual profit. The rate of interest determines that capital shall be invested in a business which can pay say 6% or more profit to the financier. Projects yielding less than that rate do not qualify for investment. Now supposing two project schemes are laid before the capitalist: One, that houses, both comfortable and bearing cheap rent be built for the use of low-income sections of the society. Second, that a magnificent cinema hall be erected. The first scheme promises less than 6% rate of profit, the second holds far better prospect

In other circumstances it might have been possible for capital to flow foolishly towards the former scheme or at least would have made a toss between the two. But it is the "blessing" of the rate of interest that it guides capital straight towards the second scheme and makes the former scheme look so repulsive that 'capital' cannot bear to look at it.

Another 'miracle' of the interest rate is that it constrains the business-man to use all means fair or foul, to keep his profit rate above the interest rate of the money-lender. For instance if a man sets up a film company with capital bearing 6% interest per annum, he will have to resort to every means to maintain his profit rate above this rate of interest. If he cannot achieve this end by producing films of moral and educational value, he will then be driven to produce pornographic and immoral films and draw crowds of fans by sensational advertising calculated to arouse a storm of sexual passion. This then is the real nature of those advantages which according

to the modern economist accrue from the Interest, and which cannot be obtained through any other means but the Interest. Let us now examine the 'need' which the modern economist says cannot be fulfilled without Interest.

There is no doubt that credit is one of the needs of human life. Individuals require it for personal needs. There is a constant demand of credit in Industry, Business and Agricuture. All corporate institutions including the Goverment need loans. But it is wrong to assert that loans cannot be obtained without interest. As a matter of fact the cause of the non-availability of loans to individuals or the society without Interest is that the Law has sanctified Interest. Proscribe Interest and infuse moral values of Islam in your economy, and you will see that loans for personal, business and social needs will be forthcoming without interest, nay even donations will be available. Islam has already given its practical proof. For centuries Muslim society has been running its economy on the best model without interest. Prior to this blighted usurious age it had never happened in the Muslim society that a Muslims' corpse lay unburied because his heirs could not raise a loan without interest, or the industry, trade and agriculture of Muslims collapsed for lack of adequate credit without interest, or the Muslim Governments failed to procure money for public works or Jihad because their citizens declined to give up their capital without the attraction of interest.

Hence the claim of the modern economist that credit without interest is impracticable and that a system of lending and borrowing can only be established on the foundation of Interest requires no logical refutation. We heve proved it wrong for centuries by our practice.

(3)
EVILS OF INTEREST

"Henceforth, if one abstains from taking interest after receiving the admonition from his Lord, no legal action shall be taken against him regarding the interest he had devoured before ; his case shall ultimately go to

> Allah. But if one repeats the same crime, he shall go to Hell, where he shall abide for ever. Allah deprives interest of all blessings and develops charity; and Allah does not like an ungrateful, sinful person;
>
> (2 : 275, 76)

Allah does not declare that He will forgive the usurer for the interest which he has already consumed. On the other hand it is affirmed that He will yet judge his case. The sentence shows that the phrase 'no legal action shall be taken against him regarding the interest he had devoured before' does not connote that he has been acquitted. It is only a legal concession to the effect that the interest which has already been consumed shall not be recovered by force of Law, for if a claim of recovery were preferred it would give rise to an infinite number of suits. On a moral plane, the abomination of wealth which a person has amassed from usurious business still remains. If that person really fears God and if his economic and moral outlook has really changed after his conversion to Islam, then he will refrain from spending his ill-gotten wealth on himself and will endeavour as far as possible to search out the genuine owners of this wealth and return it to them, and where he cannot find the real owners he will spend their portion of wealth on social welfare. Only this conduct will save him from the retribution of God. As regards the person who continues to enjoy his ill-gotten wealth, it would not be too wrong to say that he will be punished for consumption of unlawful wealth.

This Ayat reveals a truth which is real in all respects moral, spiritual, economic and cultural. Although, apparently Interest increases wealth and charity decreases it, yet in fact, contrary is the case. The natural Law established by God is that Interest not only hinders moral, spiritual, economic and cultural development, but becomes the cause of downfall.

In contrast to this, charities (including *Qard Hasan* charitable loan) bring about moral, spiritual, economic and cultural growth.

Judged from a moral and spiritual view-point it is clear

that Interest has its genesis in selfishness, stinginess, narrow-mindedness and callousness, and it is these qualities which Interest develops in human character.

In contrast charity springs out of generosity, sympathy, large-heartedness and magnanimity and it is these qualities which continuous charitable conduct rears in a human being. Who is there who does not regard the first set of qualities as the worst and the second as the best ?

Judging from the point of view of culture a man will readily understand that a society whose members deal selfishly with one another, in which no one assists the other save out of selfishness and the motive of personal advantage, in which one man's need is considered a heaven-sent opportunity of profiteering by another man, in which there is a contradiction between the interest of the masses and the interest of the affluent classes—such a society can never be stable. Not love, but mutual hatred, envy, callousness and indifference will grow among members of this society. The components of this society will always be subject to centrifugal forces of chaos and disintegration, and if other contributory causes exist, a violent clash between different sections of this society becomes an easy possibility. In contrast to this a society which is organised on the basis of mutual sympathy whose members deal magnanimously with one another, in which every one lends generous assistance to a fellow citizen in need, in which the affluent extend considerate help or at least honest cooperation to the deprived sections——in such a society mutual love, consideration and regard will develop and flourish, the components of this society will adhere to and support one another, internal strife and conflict will never find headway in this society and owing to mutual cooperation and help, this society will develop at a much faster pace as compared to the former society.

Let us look at the economic side of the same question. From the point of view of economics, there are two types of interest-bearing debt. One, the loan which hard up and needy

persons raise to meet private requirements. Second, the loan which an entrepreneur raises to invest in business, industry and agriculture. In regard to the first type of debt, the whole world knows that interest on it is charged in a manner which has the most ruinous consequences. There is hardly a country in the world in which money-lenders and banks are not sucking the blood of poor labouring classes, farmers and low-income groups through this type of loan. Interest makes it very difficult, sometimes impossible, for these people to discharge the first debt without raising a second loan and then a third to pay off the second and so on. Even when they have paid interest equal to double and treble of the principal amount, their liability for the principal amount remains intact. A major portion of the earning of a working man is expropriated by the money-lender, leaving the poor man with hardly enough money to feed himself and his family. Consequently the worker gradually loses all interest in his vocation. This is natural because when a major part of their income is snatched away by someone else, how can they function whole-heartedly. Again constant anxiety and mental strain so enfeebles the people entrapped in the net of interest-bearing loans, and poverty makes it so impossible for them to procure adequate food and medical relief that they cannotkeep in good health.

Another consequence of the interest-bearing loan is that a tiny minority fattens on the blood of millions, while the Gross National Product continues to fall extremely short of its full potential. In the long run even the fat blood suckers cannot escape harm, for their covetousness causes such misery to poor people that a storm of anger and hatred against the wealthy class brews and develops in the hearts of the poor people, and bursts like a volcano at the first opportunity of a revolutionary upheaval, and sweeps away the life, riches and honour of the capitalist class.

As for the second type of debt which is raised for investment in business, the charging of a fixed rate of interest on it entails countless disadvantages. The most conspicuous among them are the following :

1. Capital investment is withheld from those enterprises which cannot yield profit equal to the prevailing rate of interest, however necessary and beneficial those projects may be for the country and the nation. The flow of all financial resources in the country turns in the direction of those enterprises which carry the prospect of a profit margin equal to or more than the current rate of interest, even though such enterprises may have little or no social value.

2. None of the enterpises, whether commercial, industrial or agricultural for which interest bearing loans are readily available, can guarantee that under any circumstances its profit margin shall remain equal to or rise above a certain fixed rate of interest say 5 or 6 or 10% and will never fall below this rate.

   Let alone providing this guarantee, no business venture can furnish even this security that it will for ever yield profit and no loss.

   Hence capital investment in a business which provides security of a fixed rate of profit can never be devoid of the possibility of loss and risk.

3. Since the financier does not share in profit and loss, but advances money on the security of a fixed rate of profit only, so he has no stake in the progress or decline of a business. With extreme selfishness, he keeps his gaze fixed on his own profit, and on the slightest apprehension of a downward trend in the market, pulls out his capital. Thus sometimes due to his selfish apprehensions the market is actually gripped by depression and at other times when depression has been brought about by other causes, the selfishness of the financier aggravates it to disastrous proportions.

   So obvious are these three disadvantages of Interest that anyone who has the slightest acquaintance with the science of economics cannot deny them. This being so, one is forced to admit that in accordance

with the natural law established by God, interest actually diminishes economic wealth and does not augment.

Now take a look at the economic effects and consequences of charities.

If the affluent members of the society spend freely according to their means on buying the needful commodities for themselves and their families and distribute their surplus wealth among the poor so that they too may buy the commodities they need, and if they still have a sum left advance it as interest free loan to business entrepreneurs, or invest it in business on a partnership basis, or deposit it with the Government so that it may spend it on public welfare, then, as every man can realise with little reflection, the Business, Industrial and Agricultural Sector in this Society will receive tremendous boost. The level of general prosperity will progressively rise and the gross product in this society will be greater by far than the Gross Product in an interest-ridden society.

Finally, another aspect should also be kept in view. It is clear that only he can lend money on interest who has received a greater share of the economic wealth of the society than his need warranted. From the point of view of Quran receiving a greater share of wealth than one needs is in reality a blessing from God and the correct mode of thanks-giving is that just as Allah has showered His blessings upon him so he should also confer favours upon other men.[1]

(4)

ECONOMIC RECONSTRUCTION WITHOUT INTEREST

We must discuss now whether after abolishing Interest, a

1. *The Meaning of the Quran*, Vol. I, pp. 195-205 by S. Abul A'ala Maududi.

financial system consistent with the needs of a developing society and State can be established.

Some Misconceptions

Before we enter upon a discussion of the above question, it is essential to clarify certain misconceptions which confuse the thought of the people not only in this matter, but in every other matter connected with practical reform. The foremost misconception is the one which has given rise to the above question. Reason tells us that Sood is an evil. Allah and His Apostle (peace be on him) too have proscribed all forms of Interest.

In view of this the queries "Can we do without it?" and "Is it practicable?" amount to asking "Is any error inevitable in the kingdom of Allah?" and "Is there some good which is impracticable?" This is tantamount, to passing a vote of no confidence in Nature and its system. This means that we breathe in such a wicked universal system in which some of our real needs are linked up with errors and evil conduct, and the doors of certain virtues have been deliberately closed upon us. As if, this were not enough, the logical conclusion of this thought, would be that Nature itself is so crooked that whatever is wrong by her own laws is actually useful, necessary and practicable in her system; and whatever is right by her laws is actually useless, and impracticable.

Do our reason, sciences and historical experiences really justify this suspicion against Nature?

Is it true that Nature is the ally of evil and enemy of good?

If the answer is yes, then we should wind up all debates about right and wrong of things and frankly resign this life, for after this there is no gleam of hope left for us in this world. But if our own nature and the nature of the universe do not deserve this suspicion, then we should give up that mental out look which says—"Such and such thing is no doubt evil, but it is a necessary evil," or "Such and such thing is no doubt good, but it is impracticable." The fact is that human affairs follow

whatever mode gains currency in the world, and it begins to look difficult to replace the current mode with another. This is so with every way of life whether it is right or wrong. The difficulty lies in changing it. The real cause of complacency is the established custom. The people with superficial minds are easily led to believe that the wrong mode which has entrenched itself is the only practicable way of life and there is no feasible alternative to it.

The second misconception regarding this matter is that the people do not grasp the real cause which makes the change-over difficult and blindly accuse the doctrine of change as impracticable. You will grossly misjudge the possibilities of human endeavour, if you consider any alternative to the prevailing system as impracticable. In a world where such extreme revolutionary doctrines as the complete liquidation of private property and the establishment of collective ownership of the entire wealth have been translated into practice, it is preposterous to aver that such balanced proposals as the abolition of Interest and the establishment of the system of Zakat are utopian.

This, however, is true that to uproot the prevailing system and reconstruct life on a different pattern is not the work of every Tom, Dick and Harry. This task can be performed by those people only who hold two qualifications. One, complete renunciation of the old system of life and genuine belief in the creed which seeks to change the order of life. Second, possession of an *Ijtihadi* genius (i.e. the capacity to form enlightened judgment) rather than a *Taqlidi* (thoughtless adherence) mind.

They should not merely possess that ordinary kind of intelligence which is required for directing the old system in the same way as its pioneers did, but that superior degree of intelligence also which is needed for abandoning the beaten track and striking out new paths. Whoso possesses these two qualifications can put into effect the programme of even such extreme revolutionary doctrines as Communism, Nazism, and

Fascism. Those who lack these qualifications cannot even bring about the most balanced changes proposed by Islam.

There is yet another small misconception regarding this matter. As a sequel to constructive criticism and proposals of reform when a practical order of life is demanded the people seem to think that action is confined to paper work only, although the field of action does not lie on paper, but on the ground.

All that really needs to be done on paper is to explain argument and illustration the errors and evils of the prevailing system and prove the rationality of the programme of reform. After this : nothing more can be done about practical problems save presenting before the people a general idea of how to obliterate the wrong practices of the old order and put in force the new order.

As for the question : What will be the detailed picture of this wrecking and reconstruction, through what phases will this process pass and how will the problems arising in each phase be solved——no one can predict these problems nor can supply an answer to them. If you are convinced that the present system is wrong and that the scheme of reform is right, then you should act and put in position of authority such people as possess faith and power of enlightened judgment. Then any problem that arises in the process of action will be resolved at its proper stage. How can that which has to be seen and done in the field be shown on paper? After this explanatory note I need hardly say that I will not present a detailed scheme of interest free financing in this chapter. I will only give a general idea of practical steps which may be taken to expel interest from our financial system, and also how to solve those principal problems which apparently crop up in the mind whenever the expulsion of interest is mooted.

First Step Towards Reform

An infinite number of evils in the economic and financial system have crept in because interest has been sanctified by Law. Obviously when the door to charge interest open, why

should a man extend a charitable loan to his neighbour? And why should he enter into a regular partnership in profit or loss with a businessman? Why should he make selfless contributions for the completion of National projects?

And why should not he hand-over his accumulated capital to the banker and feel secure in anticipation of a fixed profit. After allowing free rein to the evil tendencies of human nature you cannot expect that preaching, counselling and moral appeals will succeed in nipping those tendencies and countering their disadvantages. Again the matter does not end with giving free scope to an evil tendency. The Law supports this tendency and the Government itself is nurturing and operating this evil through the current Financial System. Under this circumstance how is it possible to counter the evils of Interest by partial amendments and fringe reform. The only preliminary to suppressing the evils of Interest is to expel the Interest. Those who imagine that first the blue-prints of an interest free Financial System should be prepared, and then Interest will automatically disappear or will be banned by law, are putting the cart before the horse. As long as Interest has the sanction of law, the courts validate and enforce contracts involving interest and the door is open for the bankers to mop up capital on the bait of interest and then lend it out on interest, so long it is impossible to create and develop an interest free Financial System. Hence if the ban on Interest is conditional upon the development of a system which can replace the current usurious system, you can be sure that the time for banning the Interest will not come till Doomsday. Whenever the work of eliminating the sood has to be done, the first preliminary will inevitably be the legal suppression of Interest. Then an interest free Financial System will be automatically born, and necessity which is the mother of invention, will itself pave ways for its growth and expansion on all sides. The roots of the evil human instincts which give rise to Interest are so deep-seated and their urges so powerful that half measures and lukewarm devices cannot wipe out this scourge from any human society. For

this purpose it is necessary to put into effect all those measures which Islam suggests and the problem should be tackled with that zeal which Islam demands. Islam does not stop at mere moral condemnation of usurious business, but on the one hand arouses aversion to it by proscribing it from the religious point of view and on the other wherever Islam holds political sway and governmental power, it imposes a legal ban on Interest, declares all usurious contracts as invalid, and proclaims the receipt and payment of Interest, writing and witnessing a deed of agreement concerning Interest as a penal offence liable to police action, and wherever mild penalties fail to curb this business Islam inflicts upon offenders the sentence of death and confiscation of property.

Thirdly, by declaring, Zakat as an obligatory duty and establishing a regular system of Zakat collection and distribution, Islam initiates a new financial system in the society. Besides enforcing all these measures, Islam reforms the character of the Muslim people by training, propagation and preaching, so that all those qualities and urges in human nature which incline a person to usurious business are suppressed and replaced by those opposite qualities and propensities which generate a spirit of sympathy and generous cooperation in human society.

Consequences of the Abolition of Interest

Anyone earnestly wishing to curb Interest will have to go through the process outlined above. The legal prescription of Interest coupled with the establishment of a social institution for the collection and distribution of Zakat, will have three consequences from financial point of view :-

(1) The first and the most important consequence would be that the present socially explosive mode of capital formation will be replaced by a correct and wholesome mode. The present mode of capital formation is that using artificial devices over social system augments the natural human propensity towards stinginess and acquisitiveness to an exaggerated degree. Arousing both fear and greed, our social system persuades an

individual to spend the least part of his income and save the maximum. It warns the individual "save, for there is none in the society who will rescue you from hardship". It excites his greedy instinct by promising;

"Save and you shall be rewarded with Interest."

Under the impact of this double stimulus, the sections of society whose earnings exceed their needs even to the slightest degree resolve to curtail their spending and increase their savings. In consequence the consumption of trade goods declines below the anticipated level and in proportion to the fall in incomes, the chances of developing trade and industry diminish, and the opportunities of capital formation become even more scarce. Thus the increase in the capital holdings of a few individuals causes a depression in the collective economy. An individual enhances his accumulated wealth in a way that renders thousands of individuals incapable of earning anything, let alone saving. In contrast to this when Interest is banned and by establishing the institution of Zakat the State guarantees relief to every citizen at the hour of his need, the unnatural causes and incitements to stinginess and hoarding of wealth will vanish. The affluent citizens will spend freely and pass on enough purchasing power to the poor citizens also to meet their needs. This will promote trade and industry, which will open up more employment opportunities, and this will mean more incomes. In this environment the profits of trade and industry itself will rise to an extent where these sectors will no longer be dependent upon as much external financing as they are now. Again whatever their need for external financing, it will be met with greater facility than is available now, for saving will not entirely cease, as some people imagine. Actually some people will continue to save due to their natural propensity in this

direction and a majority of people will involuntarily save because of enhanced incomes and the prevalence of general prosperity. This saving will not be the result of stinginess, apprehension or greed but will be the product of an economic system in which the affluent after spending freely on lawful heads prescribed by Islam will still be left with much surplus wealth and they will not find any needy person to whom it may be donated, so they will conserve it and will be easily persuaded to lend it on wholesome terms to their Government, Trade and Industry and even neighbouring countries.

(2) The second consequence will be that instead of being frozen the capital will keep on flowing and will be promptly channelled into the various sectors of national economy according to the volume of their need. Under the present system what inclines the capital to flow into trade is the greed for Sood. But this same greed serves as the cause of blocking the capital flow. For the capital always stands waiting for a rise in the interest-rate and it moves into business only when that rate has suitably gone up.

Moreover, this same cause creates a tempramental conflict between capital and business. When business woos capital, it assumes an arrogant stance and presents harder terms, when opposite is the case, capital starts chasing business and is readily available on easy terms for all types of projects. But when Interest is out-lawed and Zakat, at the rate of 2½%, is charged on all cash deposits, the arrogance of capital will evaporate. It will be eager to rush into any business on reasonable terms and instead of lying stagnant, it will remain in constant operation in the commercial field.

(3) The third consequence will be that Commercial Finance and Credit Finance will become two distinct sectors. Under the present system capital is supplied

> for the most part in the form of loan whether an individual or an organization wishes to raise money for a productive or non-productive enterprise, or for a temporary need or long-term project in all cases capital can be had only on one condition; that it should be taken as a loan on fixed rate of interest.

When interest is banned, credit will be reserved for non-productive purposes or temporary business needs and it shall be managed under the rules of charitable loan.

As for the other purposes, whether they relate to Industry or Trade or the profitable schemes prepared by Government or Public bodies—for all these capital shall be provided not as loan but as an investment on profit-sharing basis.

We shall briefly discuss the function of both these sectors.

Forms of Credit in an Interest Free Financial System

Let us take the credit sector first, for by far the greatest apprehension from which people suffer to-day is that with the proscription of Interest, the supply of credit will stop altogether. So we shall first of all show that, with the removal of this evil hinderance, not only will the supply of credit not stop, but will be attended with greater facility and will assume a much better form.

Credit for Private Needs

Under the present system, there is only one form of obtaining credit i.e. a poor man should borrow on interest from a money-lender and a man of property from the Bank. In both cases every applicant can take any amount of loan for any purpose including indulgence in sin, extravagant spending or genuine need, provided that he can offer security for the safe return of Principal and interest. On the contrary an applicant who cannot offer this security will not secure a loan of single paisa, even if he wants it to buy a shroud for the corpse lying at home. Again under the prevailing system, the prodigality of a wealthy scion and the hardship of a poor man, both provide a golden chance for the money-lender to make money. And this selfishness is coupled with

callousness of such extreme degree that no concession is allowed to the debtor in the payment of either Interest or Principal. No one has the slightest humanity to enquire into the circumstances of the wretched debtor from whom they demand the return of Principal with Interest. These then are the 'facilities' which the current system provides for securing loans for private needs.

Now see how the interest free credit system of Islam operates in a similar context.

Firstly, in this system, the supply of credit for extravagant spending and indulgence in sin will stop, for no one will be led by the greed for interest to advance a loan for wasteful spending. Thus the entire business of credit will be limited to reasonable needs only and only such amounts will be advanced or taken as clearly appear to be reasonable in the individual circumstances of each case.

Again since in this system it would be illegitimate for the creditor to exact any kind of advantage from the debtor, so the repayment of loans will become easy.

Debtors in the low-income grant will repay their debt in easy instalments and will soon be free of the burden.

Where a house or any other property has been mortgaged, its rent or income will be counted towards the discharge of the principal rather than payment of any Interest, and so the debt will soon be recovered.

Despite these facilities, if a debt does remain unpaid, the *Bait-ul-Mal* (Public Treasury) will stand security for each debtor and will help him to pay off his debt. Further, supposing the debtor dies insolvent, even then *Bait-ul-Mal* will assume the liability to pay his debt. For these reasons the affluent will not find it as hard and unpleasant to lend money to a needy neighbour as they do under the current system.

Even then if anyone fails to raise a loan in his own neighbourhood or community, the door of *Bait-ul-Mal* will be open for him. He will easily secure a loan from her. It should, however, be borne in mind that seeking loan from the Bait-ul-

Mal is the last resort. In Islam, it is the duty of every citizen to lend money to his fellow-citizen in need and it is the test of a community's social health that its members should personally feel and discharge moral obligations such as this.

If the resident of one locality fails to obtain credit from his neighbours and is constrained to seek a loan from the *Bait-ul-Mal* it is a clear symptom of the moral ill-health of that locality. Hence whenever an application for loan arrives, the Bait-ul-Mal will not only advance the loan, but will at once refer this case to the department of moral reformation which will immediately focus its attention on the locality whose residents did not help a neighbour in need. The report of such a case will create the same horror and revulsion under a morally pure and upright system as the incidence of cholera or plague does in a materialistic society.

Yet another form may be adopted in Islamic system for the supply of credit for personal needs. The legal rights conceded to employees should include a right to secure a loan from the employer (Business Firms, Trading Companies etc.) under extraordinary need. The Government generous loans. This should also grant this right to its employees and advance them matter does not have only a moral aspect. Its economic and political importance is as great as moral. By supplying an interest free loan to your enployees and labourers, you will not only perform an act of virtue but will remove one of the biggest causes of anxiety, perplexity, misery, physical anguish and material ruin among your workers. Protect them from calamities and anxieties ; prosperity will increase their capacity for work and satisfaction will immunise them against mischievous doctrines. This type of loan may not show any profit in terms of accounts but it will be sufficiently clear to an enlightened mind that for the society as a whole and for every financier and factory owner individually, as well as for every economic and political institution, its profit would be greater in value than interest which is being exacted due to foolish short sightedness under the present materialistic system.

Credit for Business

Let us consider the loans which businessmen so often need to raise. At the present time the businessmen either take short-term loans directly from the Banks or cash Bills of Exchange.[1] In both cases the Banks charge a modest rate of interest. Such loans are an indispensable business need to-day. Hence when the businessmen hear about the proscription of Interest, their first anxiety is, how will they secure credit for daily business needs? "Why should the Bank lend us money or cash our Bills of Exchange without the incentive of Interest", they ask.

The question, however, is that why should a Bank which receives interest free deposits and business accounts amounting to hundreds of thousands of rupees, not advance interest-free loans and honour Bills of Exchange?

If the Bank does not voluntarily agree, it shall be bound by law to provide this service to the customers. This service should be part of the duties of a Bank. In fact, the deposit accounts of businessmen alone will be adequate for this purpose. But if need be, the Bank can also draw upon other accounts. At any rate it is a quite reasonable principle that he who does not charge Interest should not pay it. Again it is better from the point of view of over-all economy that businessmen should be able to raise interest-free loans for recurrent needs.

As for the question: If the Bank does not charge Interest on its transactions how will it meet the cost of operation?

The answer is that since the entire amount in its current accounts will be interest-free, it would not be a losing bargain for the Bank to advance temporary loans out of that amount, for the profit it will earn from these credits will far exceed the expenses of establishment. However, supposing this is not feasible, the Bank can justifiably charge an adequate monthly

1. This is the same practice for which in Islamic fiqh, the term *safatij* is used: Businessmen dealing with one another and holding accounts in the same Bank, often take bulk supplies from each other on credit of one, two, three or four months against a Bill of Exchange. If the creditor waits for the stipulated period the loan is repaid in time. But if he needs money in the interim, he will cash the Bill of Exchange from the Bank in which both parties hold accounts. This is called "Cashing the Bill of Exchange."

or quarterly fee for these services from all its business account-holders.

The account-holders will find this fee less costly than interest, so they will readily accept it.

Credit for the Non-Productive State Expense

The third important head relates to those loans which the Government has to raise to meet emergencies, non-productive national expense and for the purposes of war. Under the current financial system money for all these purposes is obtained as interest-bearing loan. But under the Islamic fiscal system it would be quite possible for individuals and organizations to pile up voluntary donations so soon as the Government announces its need, for the proscription of Interest and establishment of the system of Zakat will result in such general prosperity and satisfaction that it will be no great burden for the people to hand over their savings to the Government. If such donations fall short of the Governments' need, it can ask for loans, and the people will advance charitable loans with an open heart. Supposing the money so collected still falls short of the expense, the Government can resort to the following means :

(1) It can use the Zakat and Khums.[1]

(2) It can demand on loan certain portion of all cash deposits in the banks by an ordinance of State.
This right of the Government is as valid as its right to enforce conscription or its right of requisition of private buildings, motor vehicles and other property.

(3) Finally the Government can meet its need by printing additional currency notes which in fact, is just another form of raising loan from the citizens. But this is absolutely a last resort to be taken in unavoidable circumstances, for its evils are far too many.

International Loans

Let us consider International Loans now. It is quite clear

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1. *Khums* denotes the fifth of property which is given to the Bait-ul Mal or Public Treasury.

that in the present usurious world we cannot expect to raise an interest free loan in the international market to meet our national needs. Our utmost endeavour should be to avoid incurring any external debts, at least till the time when we present a model to the world of how a nation can extend interest free loans to her neighbours.

As for advancing loans to other nations, every enlightened reader who has gone through the foregoing discussion will readily admit that if once we gird up our loins and establish a pure fiscal system based on the suppression of Interest and organization of Zakat, our financial position is bound to become so sound that not only will we not need external debts but will be able to extend loans to our neighbouring nations in need. The day when we present this model to the world, will usher in a great political, cultural and moral revolution in the world. On that day it will become possible for interest-free transactions to take place between us and rest of the world. It will also be possible for the world to conclude pacts that they will deal with each other on an interest-free basis. And it is not beyond possibility that we will see a day when the world opinion will unanimously turn against usury much the same way as the British public expressed its disgust with usury in Brittingwoods case (1945).

It is not merely a daydream. The truth is that even to day enlightened minds are concerned at the adverse effects of interest bearing international loans on world politics and economy. If the affluent countries forsake their present policy and use their surplus wealth in a sincere and considerate effort to help the backward countries to stand on their own feet, the world will enjoy double bonus.

Instead of the rising tension in the field of international politics and culture world relations will be marked by growing amity and friendship. From the economic point of view it would be far more profitable to do business with a comparatively prosperous country rather than suck the life blood of a miserable and bankrupt country. Economic thinkers are converging on this point and many have already expressed these

ideas. The only thing that needs to be done now is that a wise nation should take the initiative, suppress interest in its own home and press forward to expel this evil from international commerce.

Provision of Capital for Productive Ventures

Next to the financing of loans, let us now look into the financing of business in our projected system. In this connection, as I have hinted above, the suppression of interest will close the door of investing money at a fixed rate of profit without labour and risk. Similarly *Zakat* system will ensure that the people do not hoard money and sit tight on their coffers. Furthermore, under a real Islamic Government the people will no longer find it feasible to dissipate their surplus wealth in immoral pursuits and extravagance. So the section of people who possess surplus wealth will have to adopt one of the following three courses :

1. If they do not seek additional income they may spend their savings on public welfare works. It may take two forms. They can either undertake welfare work on their own or give donations or gifts to a national organization. They can also offer their wealth with selfless and sincere feeling to the Islamic Government, which will invest it in productive schemes, social development and public instruction. The last-mentioned head of investment will be especially preferred, provided that State administration is in the hands of persons in whose integrity and wisdom the general public has full faith. In this way huge amounts of capital will be constantly available to Government and other collective organizations for national projects; and works of progress and development, and what's more the people will not be burdened with taxes for the repayment of even principal amount, let alone interest or profit.
2. If they do not seek additional income, but wish to preserve their surplus wealth for their own use, they should deposit it in the Bank which will not receive it as trust

but as loan. The Bank will undertake to return the money on demand or after a fixed period. At the same time the Bank shall have the right to invest this money in business and earn profit on it. The Bank will not pay any portion of this profit to the depositor. The Bank shall be the sole owner of this profit.

Imam Abu Hanifa (Allah be pleased with him) ran his business largely on this Islamic principle. In view of his integrity and extraordinary good-will the people deposited their money with him. The Iman did not take this money as trust but as loan and invested it in business His biographers report that when his accounts were checked on his death, it was found that his business capital included 5 crore dirhams deposited with him by the people in accordance with the above-mentioned principle.

Islamic rule forbids the trustee to put the trust to personal use, but if the article put in trust with him is lost or wasted, he is not held liable. In contrast to this if the same article is given to him as loan, he has the right to use it and earn profit on it. He is, however bound to repay it at the agreed time The Banks can follow the same scheme to-day,

3. And if they intend to earn profit on their saving, they will have just one option i.e. to invest their capital through Government on the basis of proportional partnership in profit and loss.

If they wish to invest directly, they will have to settle the terms of partnership themselves, and these terms must by law fix the ratio of their share in profit and loss. Partnership in joint stock companies would take the form of simple purchase of shares. Bonds, Debentures, and other similar forms of partnership, which yield a fixed amount of income for the buyer from the company will not exist at all.

If they wish to invest through Government, they will become

partners in any profitable scheme launched by the Government. For instance, if the Government prepares a project to build a Hydraulic project it will announce the scheme and invite public participation in it. Individuals, organizations or banks which invest in the scheme will become partners with the Government and will receive share of the profits from the project according to an agreed ratio. If the project runs into loss, they will share the loss with the government according to the agreed ratio. The Government shall also have the option to buy public shares gradually by phases, till in a period of forty to fifty years the whole project comes under the State ownership. But as in the current system, so in the Islamic system also the most practicable and useful course for the people would be to invest through Banks. Hence I shall explain this course in some detail so that the people may get a clear picture of the Banking business without interest and how the people wishing to earn profit would be able to benefit from it.

Islamic Form of Banking

The discourse of Banking in my book *The Interest* makes it plain that the Banking business is, by no means, wrong or unlawful. Actually Banking is one of those numerous institutions reared by modern civilization, which are important and useful, but have been corrupted by the admixture of an evil element. In the first place, the Bank performs such lawful services which are both useful and indispensable for a civilized life and commerce in modern times, for instance, cash transfer and payment from one place to another, facility of international business transactions, Lockers for valuables, letters of credit, traveller cheques, demand draft, arrange sale of company shares and many Agency Services which relieve a busy man of many a burden against nominal commission These facilities must however continue and the establishment of a permanent institution for the provision of these facilities is quite essential.

Again it is extremely beneficial and necessary under present conditions for the Business, Industry, Agriculture and other departments of culture and economy that the scattered surplus

wealth of the society should be pooled in a Central Reservoir from where it may be smoothly channelled to all sectors of life, whenever and wherever the need arises. Besides this scheme is very convenient for the common man with some money saving as it can spare him the trouble of searching out profitable opportunities of investment. He can deposit his money in a Central Reservoir, which would invest it in productive projects and distribute the profit among its account holders. The administrators and workers of a bank, by virtue of being constantly engaged in the management of Finance acquire an expertise and wisdom in this field, which is lacking in businessmen, industrialists and other professionals in the economic sector. This wisdom and expertise is by itself a very valuable commodity and can prove very beneficial provided that it does not become the tool of selfish money hoarders but is used to encourage the businessman. But it is Interest which has inverted all these virtues and benefits of Banking into vices and disadvantages for the whole society. Along with this another source of evil has crept into Banking i.e. the capital which the bait of Interest attracts into banks becomes virtually the wealth of a few selfish capitalists who use it in an extremely anti-social manner. With the elimination of these two wrongs, the Banking business will become pure and far more profitable for the society than at present. Rather it might prove more beneficial financially than the prevalent banking system for even the bankers.

Those who fear that the elimination of Interest will stop the flow of money into Banks are wrong. They think that without the incentive of Interest, the people will stop depositing their surplus money in the Banks. Well this is not true. Instead of Interest, there will be the incentive of profit. Since the rate of profit would be uncertain and unlimited, the hazard of the profit rate falling below the interest rate would be equalled by as good a chance of earning a profit-rate which far exceeds the Interest-rate. The Banks will continue to perform all those duties for which the people come to them. Hence it is certain that the flow of capital will continue into the banks undeterred even after the

abolition of Interest as usual—nay since the supression of Interest will give an impetus to business, increase the chances of employment and of incomes, hence the quantum of deposits in the banks would increase. The banks will not be able to invest the money deposited in current or savings accounts in profitable projects as at present. Hence these amounts will largely be used for two major purposes: one, for daily cash dealing; second, for extending short-term loans to businessmen and encashing Bills of Exchange without charging interest. As for the long-term and fixed deposits it will necessarily fall into two catergories, one, whose owners deposit it for safe-keeping only. The Banks will invest this money as loan in business as explained above.

Secondly, the money whose owners wish to invest it in business through the Bank.

Instead of keeping this money in trust, each bank will execute a deed of partnership with the depositors. The Bank will then invest this capital along with their other deposits in business, Industrial and Agricultural projects, as well as in profitable schemes launched in the public sector and state enterprises This on the whole will entail two stupendous advan tages. Firstly, the interest of the Bankers will become one with the interest of the business, and financial support to business will always be available according to need. Thus the causes which bring about periodic economic depression in the present-day interest-ridden world will almost disappear.

Secondly, the financial expertise of the bankers and the business and industrial acumen of the entrepreneur, which appear at loggerheads to-day, will coalesce and cooperate with each other and this will be beneficial for all sides. After deducting the cost of operation, the Banks will distribute the profits earned through these sources among the share-holders and the account-holders according to a fixed ratio. The only difference will be that, under the present set-up, the dividends go to the share-holders of the Bank and the account-holders get interest only, while after the abolition of Interest, both will share in the dividend. Now the account-holders get a fixed rate of

interest, but under the new system no fixed rate will operate. The profits big or small, will be distributed in proportion to investment. The risk of loss and insolvency, then, will be no more or less than it is now. At present risk of loss and prospects of unlimited profits both are reserved for the share-holders of the Bank. Under the new set-up they will be shared by the account-holders also. As for apprehension that the capital which is drawn into the Bank by the incentive of profit becomes virtually the property and tool of a few Bankers, we can remove it by adopting the following scheme.

The Bait-ul-Mal or State Bank should take in hand all functions connected with Central Banking. State control and discipline should be enforced on the private Banks in such a way as to prevent the Bankers from taking undue advantage of their monetary strength. Having gone through this brief sketch of an interest-free financial system, is there any room for the doubt that the elimination of interest is not feasible?

ECONOMIC AND INDUSTRIAL LOANS FROM NON-MUSLIM COUNTRIES[1]

Question. In the present era when no country can develop in isolation from international community, will the Islamic Government totally ban the flow of all economic, military or technical aid from foreign countries tied with certain rate of interest and the raising of interest bearing loans from the World Bank ?

Again how can the tremendous gap between advanced countries of the West and the Middle East especially the Muslim countries in respect of material, industrial, agricultural and scientific progress be filled ?

Or how can the gulf between the haves and have-nots in this atomic age be bridged ?

Further, will the Banking and Insurance Sector within the country be liquidated ?

What system can be devised by *Ijtihad* to provide some way out of Interest, Commercial standing (*Pagri*), Profit, Broker's Commission in sale-purchase transactions and Good-will ?

Can the Islamic countries negotiate any loans among themselves on the basis of interest or profit or any sort of gain.

Answer. Never in history has the Islamic Government adopted a policy of isolation from non-Muslim countries, nor will it to-day. But borrowing does not mean importuning loans on their terms. This sort of relationship with advanced countries has been adopted only by the inert regimes of today. Whenever a real Islamic Government is established in a country, it will strive for the moral uplift of its citizens before working for their material progress. Moral improvement implies that the rulers, the administrative services and the common citizens should imbibe the virtues of faith and honesty, keep duty above their rights and stake their life, property, time, labour, energies, everything for the achievement of a lofty goal. Further a relationship of mutual trust and confidence should subsist between the people and their rulers, and the people should honestly feel that the Government is actually working

1. Adopted from *Tarjuman-ul-Quran*, November 1961.

for their well-being. Once such a polity is established, there would be no need to borrow money on interest from others.

The people will pay the taxes voluntarily and without fail and the revenues will be spent entirely on national development. The process of collection and spending of taxes will be free from malpractices. Still if the Government needs to raise a loan, the nation will meet a major part of the requirements by way of voluntary contributions, a sizeable portion in the form of interest-free loans and a part of it on profit-sharing basis. My assessment is that if an experiment of Islamic principles is made in Pakistan it will soon be in a position to offer loans to others instead of begging others for loans.

Supposing we do face an indispensable need to raise an interest-bearing loan from abroad, that is, when our need is pressing and the capital resources at home cannot be mobilised, we can then borrow from foreign nations on interest. But even then there would be no justification for continuing usurious dealings at home.

It is feasible to ban Interest inside the country and the entire Financial System can operate without Interest. I have already established in my work on the Interest that the banking system can run on profit-sharing basis rather than Interest.

Similarly, the Insurance system can be so amended as to obtain all the benefits of Insurance without resorting to un-Islamic methods.

Brokerage, Profit, *Pugri* (Benefit of Commercial Standing) Commission or Good-will, all have a separate position in *Shariah*. When the Islamic State is established, their respective positions will be reviewed and either the *status quo* will be maintained or necessary amendments will be introduced. Such a work will have to be done by a Commission of Scholars of Shariah and Economic Experts.

The Nature of Zakat and its Rules[1]

Next to Salat, the principal pillar of Islam is Zakat. Since fasting is commonly mentioned next to Salāt in the order of worships, so the people generally consider Fasting as the second most important article of faith in Islam after Salāt. Yet the Holy Quran reveals to us that next to Salāt, Islam assigns the second most important position to Zakat. These are the two principal pillars upon which the edifice of Islam has been raised. Islam cannot stand upright if these pillars collapse.

The Meaning of Zakat

Zakat denotes purity and cleanliness. The allocation of a portion of one's wealth for the needy and the poor has been termed as Zakat for the precise reason that this purifies one's wealth as well as one's soul. The person whom Allah has given wealth and he does not pay out of it the right of Allah's people, his wealth is impure and with it his soul is unclean too, for his soul is filled with ingratitude.

He is so stingy, so selfish, so money-minded that his heart aches at discharging his obligation to Allah Who favoured him with wealth more than his real need. Can this man be expected to perform any virtuous act in the way of Allah? Will he offer any sacrifice for the sake of his religion and faith ?

This man's soul is unclean and his wealth which he accumulates in this way is impure.

Precedent of Prophets (peace be on them) :

Saying of Prayers (Salāt) and payment of Zakat has been

1. Adapted from خطبات (Khutbat).

invariably enjoined upon the followers of all the Prophets (peace be on them) since ancient times, and the religion of Islam has never been devoid of these two tenets during the tenure of any former Prophet (peace be on him). After mentioning Hadrat Ibrahim (peace be on him) and the Prophets descending from him, the Holy Quran observes :

> "And We endowed them with leadership who guided others by our command, and We also enjoined them by Revelation to do righteous deeds and establish Salāt and pay the Zakat and they were worshippers of Us alone."
>
> (Al-Anbia : 73)

In reference to Prophet Ismail (peace be on him), it is affirmed :

> "He enjoined his people to offer the Salāt and give the Zakat and His Lord was well-pleased with him." (Mary : 55)

Hadrat Musa (peace be on him) offered his prayer on behalf of his people : "Lord, bestow upon us the goodness of this world and of the next." Do you know what Allah observed in reply ? Allah answered :

> "I smite with My Punishment whom I will, and My mercy embraceth everything therefore I shall ordain it for those who refrain from disodedience, pay Zakat and believe in Our revelations."
>
> (Al-Araf : 156)

Orders of Salāt and Zakat were simultaneously issued to Hadrat Isa(peace be on him) also who was the last Prophet preceding Hadrat Muhammad (peace and blessings of Allah be on Him).

> "And (Allah) hath made me blessed where-so-ever I may be, and hath enjoined upon me Salāt and Zakat so long as I remain alive."
>
> (Mary : 31)

This shows that from the very beginning the religion of Islam in the tenure of each Prophet has been raised on these two main pillars, and never has any God-fearing people been exempted from these two duties. Now see how these two duties have been juxtaposed in the Shariah of the Holy Prophet (peace and blessings of Allah be on him). The opening verses of the Holy Quran are these:

"This is the scripture whereof there is no doubt, a guidance unto those who are God fearing.

Who believe in the unseen, and establish Salāt, and, spend of that We have bestowed upon them." (Al-Baqarah : 2-3)

Again it is affirmed :

"Such people are on the right way from their Lord and such are truly successful."

In other words, the people who are devoid of faith and do not observe Salāt or pay Zakat are neither on the right way nor can they be truly successful.

Continuing with our study of Sura Baqarah, we find another injunction a few pages ahead :

"Establish Salāt, pay Zakat and bow before me with those who bow (down) i.e. in congregation."

In Sura Taubah Allah orders the Muslims to wage war against the infidels and the polytheists and these injunctions continue in several Ruku's. In this context, it is observed ;

"But if they repent and establish Salāt and pay Zakat then are they your brethren in religion. (Taubah : 11)

That is, mere renunciation of infidelity and polytheism and affirmation of faith is not enough ; the proof of genuine renunciation of infidelity and polytheism and testification of faith lies in the practice of Salāt and payment of Zakat. Hence if they prove their declaration of faith by deed, they are your brothers in faith, otherwise do not take them as your brothers, nor cease fighting against them.

SIGNIFICANCE OF ZAKAT IN COLLECTIVE LIFE

The Holy Quran frequently refers to Zakat and *Sadaqat* (Charities) by the words انفاق فی سبیل اللہ which means "to spend in the way of Allah." In some places it has also been observed that whatever one spends in the way of Allah is a قرض حسنہ charitable loan to Allah. In other words you give a loan to Allah and Allah becomes your debtor. In several places it has also been affirmed that Allah owes compensation to you for whatever you give in the name of Allah, and He will not just return what you donate, but will give even more. Ponder over this point.

Is the Lord of the Earth and the Heavens (may He forgive us) dependent upon you ? Does that Holy Being need to crave a loan from you ? Does that king of kings, the Lord of infinite treasures, solicit anything from you for His own Self ? Allah forbid, Allah forbid. It is on His Bounty that you subsist. It is His provisions that you eat. The possessions of each one of you are His Gift, everyone among you, from a pauper to a millionaire, is dependent upon His Favour while He needs the favour of none. What need has He to seek loan from you and beg from you for His own Self ?

In fact it is yet another aspect of His Benevolent Majesty that He asks you to spend for your own good, your own welfare, your own sake and says that this spending is in My way, is a loan to Me, I owe you compensation for it and am obliged to you. Help the poor and needy members of your nation and since they have no means to return your favour, I will compensate you on their behalf. Give assistance to poor relations. Not they, but I shall be obliged to you for this act. I will give you a compensation for this favour. Whatever assistance you lend to the orphans, widows, the disabled the wayfarers and the afflicted people in your society, put it in My account. Your claim lies not on them but on Me and I will pay it.

Extend loans to your distressed brethren and charge no interest, nor harass them. If they cannot repay, do not move the Court to imprison them or issue a warrant of attachment of

their household effects. Do not render their families homeless. Not they, but I owe you the debt. If they return the principal, I will pay the interest on their behalf, but if they cannot repay even the principal, I shall return to you both the principal and the interest. So although all that you spend on social welfare, for the good and improvement of your own fellow beings, will be to your own advantage, yet I shall acknowledge your favour and I shall return your debt in toto plus a dividend.

As you know cruelty and ignorance are ingrained in human nature. Man is short-sighted. His vision is not broad. He is small. He is seldom swayed by lofty and sublime ideals. He is selfish, and cannot even hold a broad conception of his own interest. Man is impetuous too. خلق الانسان من عجل He wants quick result and speedy profit in every enterprise. Nothing but instant and tangible result and profit appeals to him. His vision does not extend to long term results, and as for the profits on a larger scale, the profits which accrue over a longer period, he perceives them seldom or does not at all. This weakness is natural to man. Due to this weakness, he looks to his own interest in everything, an interest which is small in scale, quick and tangible. He declares himself as the sole owner of what he has earned or inherited and does not like any body to share it He believes that this fortune has no other use than to meet his own needs, according to his own wish and to buy him ease and pleasure, or to be expended on a scheme which is likely to yield quick and tangible dividend. He spends to increase his wealth or augment his comfort or at least to gain publicity, reputation, prestige, honour, position, authority and fame. Why should he part with his wealth, if he sees no promise of any of these coveted ends? Why should he care for the orphan in the neighbourhood who is starving to death or loafing about? The orphan had a right on his parents, who should have provided for him in the form of Insurance or something. What if a widow in his community is eking out a miserable life? Her deceased husband should have done something to secure her future. What is it to him if a way-farer is wandering about help-

lessly ? Why did the fool not provide himself with sufficient means before starting on the journey ?

Let the poor and afflicted fellow endure his hard existence. Allah gave him the same two hands and feet as to me. He should fend for himself. Why should I help him ? Yes, but I could lend him money on interest, of course, for money is not useless. I could build a house with it, or buy a motor car, or invest it in a profitable concern. This man will also derive some benefit from it. Why shouldn't I, the owner of the money, receive a share of this benefit ? This selfish frame of mind in the first place induces the capitalist to sit tight on his hoard. If he spends anything it is for his personal benefit. He is loth to spare a single penny without hope of profit. If at all he extends help to a poverty-stricken man, it is not genuine help, but a means to exploit him, to extort more from him than is given. If he shows favour to a destitute person, he seeks to bend him under the weight of a thousand obligations and makes him feel so small that the poor creature loses all sense of self-respect. If he donates to a national cause, he calculates in advance the profit that will accrue to him. Concerns which hold no promise of personal advantage to him will not receive his help.

What are the consequences of this outlook ? The consequences are not only fatal for the society but also, in the long run, harmful for that individual who due to short-sightedness and ignorance considers this outlook as befitting to his self-interest. In a society ridden by this outlook, money flows into the hands of a few individuals and concentrates there, while countless others are progressively bled of all their means As the capitalist, through his financial enterprices, sucks in more and more wealth, the poor sections of society grow poorer. A society in which poverty is wide-spread succumbs to various ills. Its physical health deteriorates. Epidemics break out among the populace. The individual's will to work and produce wealth is gradually sapped. Ignorance triumphs, morality declines. People resort to crimes in order to meet their requirements. Finally, they take to general law-

lessness. Riots break out. The rich are liquidated; their homes and properties are pillaged and set on flames. The capitalist class is thus wiped out of existence.

If you ponder over it you will realize that in fact the well-being of each individual is dependent upon the welfare of the society to which he belongs. If you lay out your wealth, its circulation shall eventually result in its return to you with several benefits. But if you are narrow-minded and hoard your wealth or use it for your own needs only, your wealth will progressively diminish in value. For instance, if you bring up an orphan and educate him and thus help him to become an earning member of the society, you in fact add to the wealth of the society. Obviously you will share the social prosperity thus enhanced, though you might never know, by way of calculation, how much have you actually gained from the productive labour of that particular orphan whom had you helped. But if you adopt a selfish and narrow attitude and say: why should I help him, his deceased parents should have made some provision for him, the orphan will become a helpless, worthless vagabond. He will never acquire sufficient skill to contribute to the wealth of the society. It would be a small wonder if he drifts into the criminal world and one day burgles your own house. That means that you have not only wasted an individual by letting him loose in the world as a useless bum and a law breaker, but have also done a positive disservice to yourself. On the analogy of this example, if you look at the matter in a wider perspective, you will realize that the individual who selflessly spends on the welfare of the society, apparently loses money, but in fact his money grows and gathers more and more value while in circulation, till it returns once more to his pocket along with several benefits. And the man who adopts a selfish and narrow view and hoards money and does not spend it on the welfare of the society, apparently saves money or increases it by lending it out on interest, but as a matter of fact he decreases his wealth by his own folly

and brings ruin upon himself. This economic law has been described by the Holy Quran in the following words

> "Allah hath blighted usury and made alms-giving fruitful". (Al-Baqarah : 276)

> "That which you give in usury, in order that it may increase on (other) peoples' property hath no increase with Allah but that which you give in charity, seeking Allah's countenance, hath increase manifold." (Ar-Room : 39)

But short-sightedness and ignorance prevents man from grasping this law and acting in accordance with it. Man is governed by his senses. The money in his pocket is palpable to him. The profit balance in his ledgers is the sure index for him of his flourishing fortune. But the money that goes out of his hands is not visible to him. He has no idea where it is growing, how and at what rate and when it will return to him with added benefits and dividends. He knows only that such and such amount has slipped out of his accounts for ever. This impresion of the ignorance has never so far been removed by human igenuity or labour. The phenomenon is universal.

On the one side is the Capitalist world where the entire business of life revolves on the fulcrum of interest and despite abundance of wealth, problems and hardships are getting confounded day by day. On the other side is ranged a growing faction of revengeful human beings who not only wish to expropriate the exchequers of the capitalists but also plan to overthrow the entire system of human civilization and culture. The dilemma has been unravelled by that Wise and All-knowing Being who revealed the sacred book, the Quran. The key to this deadlock is faith in Allah and faith in the day of judgment. If man reposes his faith in Allah and develops conviction that all the treasures of the earth and the sky belong to Him only, and the governance of human affairs vests in Him and that He keeps accounts of each particle in the universe and the good and the evil of man will be rewarded and punished with point blank justice in the Hereafter, it becomes quite easy for him to rely upon Allah instead of his own judgment and

to spend his wealth according to the injunctions of Allah and leave the gain or loss of this spending to Allah. What he spends with this conviction is in fact a deposit with Allah and its account will be maintained in the books of Allah. Anybody else in the world may or may not know about this spending, Allah will certainly know of it. Others may or may not acknowledge his charity, Allah will certainly acknowledge. And when Allah has promised that He will give full reward for it, it is certain that He will do so, in the life hereafter or both here as well as the hereafter.

In His Sharia, as a rule, Allah issues a general injunction to perform acts of piety and welfare, so that the people should adopt humanitarian ways in their every day lives. Next some specific form of doing good is laid down, so that the people should particularly adhere to it.

The same is the case with Zakat. There is a general rule as well as a particular direction. On the one hand we are exhorted to shun greed and stinginess, for this is the root cause of many evils and the main source of sins. We are enjoined to follow the moral law of Allah, Who is showering His blessings and favours upon His countless creatures, though He owes nothing to anyone nor has anyone the slightest claim upon His favour. We are directed to spend in the way of Allah to the maximum to save as much as we can spare from our needs, and to fulfil the wants of the poor and the needy out of these savings. We are required not to spare life, nor wealth in the service of the cause of Allah or in proclaiming the word of Allah. If we love Allah, we must sacrifice the love of wealth for His love. This is a general direction. Side by side with it is the specific order that if you accumulate this much amount of wealth, you must spend at least so much portion of it in the way of Allah and if the yield of your land is this much, you must donate at least so much share of it to Allah.

Again just as by making a few Rakaats of Salat obligatory, it is not meant that you should remember Allah only while

offering the Salāt and forget Him afterwards. Similarly the prescription of spending a small amount in the way of Allah does not mean that only those people to whom this prescription applies should honour it and those to whom it does not apply should tighten their purse strings. It also does not imply that the wealthy should spend in the way of Allah only upto the prescribed rate of Zakat and repulse with scorn any needy person who comes after they have paid out their obligatory donation, or avoid other occasions to serve religion on the pretext of having already exhausted their Zakat fund.

Prescription of Zakat as an obligatory duty does not mean so at all. What it really means is that it is the minimum rate to be spent in the way of Allah by each wealthy individual but if he has the means to give more, he must do so.

THE ORDER OF ZAKAT

Allah has issued injunctions about Zakat at three different places in the Holy Quran :

1. In Surah Baqarah it is said :

"O ye who believe ! spend of the good things which ye have earned, and of that which we bring forth from the earth for you." (Al-Baqarah : 267).

2. And in Surah Anaam it is stated that We have raised gardens and crops on the earth for you. Hence

"Eat ye of the fruit thereof when it fruiteth, and pay the due thereof upon the harvest day." (Al-Anaam : 141)

Both these verses are related to the produce of the land. The Hanfi Jurists hold that apart from natural growths such as wood, or grass or reed, all other things which are produced by artificial means such as corn, vegetables and fruit are subject to Allah's due.

It is recorded in the traditions that Allah's due in the produce of the barani lands (rain irrigated lands) at the rate of 10% and in the yield of the land which is irrigated by man-made devices, he is 5% which is payable simultaneously with the cutting of the harvest.

3. Next it is said in Sura Taubah :

"They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom. On the day when it will all be heated in the fire of hell, and their foreheads and their flanks and their backs will be branded therewith (and it will be said unto them) : Here is that which ye hoarded for yourselves. Now taste of what ye used to hoard." (Taubah : 34-35).

"The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captors and the debtors, and for the cause of Allah, and (for) the way-farer ; a duty imposed by Allah. Allah is Knower, Wise." (Al-Taubat : 60)

Next it was observed :

"Take alms of their wealth, wherewiththou mayest purify them." (At-Taubah : 103).

All the three verses reveal that the wealth which is accumulated and augmented remains unclean until the prescribed portion of it is spent in the way of Allah. The only form of cleansing it is to set aside Allah's share of it and pay it to His people.

Tradition reports that when the warning of severe retribution against hoarders of gold and silver was revealed, the Muslims were sorely perplexed, for this actually implied that Muslims should not save a dirham out of their earnings but should spend it all.

Finally Hadrat Umar (Allah be pleased with him) approached the Holy Prophet (peace and blessings of Allah be on him) and apprised him of the people's perplexity. The Holy Prophet (peace and blessings of Allah be on him) observed: "Allah has made Zakat an obligatory duty for you so that the rest of your wealth should become pure and lawful for you."

Hadrat Saeed Khudri (Allah be pleased with him) has reported a similar tradition according to which the Holy Prophet (peace and blessings of Allah be on him) observed: "When you have paid out the Zakat from your wealth, you have discharged your obligatory duty."

The verses quoted above reveal the order regarding the Zakat on produce of land and accumulated wealth in the form of gold and silver only. Traditions, however, contain injunctions of Zakat on mercantile goods and camels, cows and goats. The taxable amount of silver is Dirham 200/- or an approximate weight of 52½ tolas. The taxable quantity of gold is 7½ tolas.

The taxable number of camels is 5, of goats 40; of cows 30, and mercantile goods are taxable when their value is equivalent to the price of 52½ tolas of silver.

Any body who accumulates wealth over and above the prescribed limit is under obligation to pay 1/40th portion of his wealth as Zakat.

As for the gold and silver, the Hanafites hold that even if the quantity taken separately does not come upto the taxable level but in aggregate reaches the taxable level of any one of these, the payment of Zakat becomes obligatory. If gold and silver are in the form of ornaments the payment of Zakat on

them is obligatory according to Hadrat Umar and Ibn-i-Masud (Allah be pleased with them). Imam Abu Hanifa (Allah be pleased with him) has adopted this opinion. Tradition records that the Holy Prophet (peace and blessings of Allah be on him) met two women wearing gold bangles and asked them :

"Do you pay Zakat on them." One of them replied "No", whereupon the Holy Prophet (peace be on him) said to her, 'Would you like to be made to wear bangles of fire on the Day of Judgment instead ?" Similarly Umm-i-Salma (Allah be pleased with her) narrated : "I had an anklet of gold. I asked the Holy Prophet (peace be on him) : Is Zakat due on it ?" He (peace be on him) observed : if the value of the gold used in it comes upto the prescribed limit and Zakat has been paid on it, then it is not كنز (i.e. impure holding). Both these traditions establish that even when gold and silver are in the form of ornaments, payment of Zakat on them is obligatory just as it is obligatory if they are in the form of ready money. However no Zakat is payable on jewels and precious stones.

EXPEDITURE OF ZAKAT[1]

The Holy Quran has mentioned eight charges on the Zakat fund. Their detail is given in Surah Taubah verse 60 as follows:

> "The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the way-farer ; a duty imposed by Allah. Allah is Knower, Wise."

The verse lays down the heads of expenditure of the Zakat The category of people who are to be assisted out of this fund have been clearly mentioned. Apart from this all other heads of expense have also been explained. Thus, the verse in fact throws light on the objectives of economic uplift of the Islamic State. The heads of expense mentioned in the verse are briefiy explained as under :

1. The term *Faqir* i.e. needy applies to every person who needs economic help for living. The term covers all types of needy persons, whether they have been permanently rendered helpless by physical disability or old age, or are helpless due to a temporary setback and will stand on their own feet if support is extended to them. In this latter category fall the orphans, widows, the unemployed and the people who are overtaken by some emergency.
2. *Masakin* refers to all those who bear the attribute of *Maskanat* i.e. poverty.

The meanings of the word *Maskanat* include humility, helplessness and disgrace. Hence *Masakin* are those who are in a worse condition than the needy persons. Explaining the word *Miskin*, the Holy Prophet (peace and blessings of Allah be on him) held those people as especially deserving help whose means are short of their needs and are consequently extremely hard-up. but their self-respect restrains them from begging, and their outward appearance does not reveal their actual misery to others.

A Tradition explains this as follows :

> *Miskin* is he who does not get provision according to his bare need, nor can he be identified as such to be considered

for help nor does he stand to beg."

In other words he is a noble soul stricken with economic poverty. It is the duty of the pious people of the society to identify and extend support to such *Masakin* living around them.

3. *Aamileen* عاملين means the functionaries whom the Government employs to collect, preserve and distribute the revenues of Zakat, and to maintain their accounts Such functionaries though they may not be *Faqir* or *Miskin* their salaries are to be charged on the Zakat fund. These words and the words of the Surah Taubah verse 103 خذ من أموالهم صدقة establish the point that the collection and distribution of Zakat is one of the duties of the Islamic Government.

   It is noteworthy in this connection that the Holy Prophet (peace be on him) had declared that it was unlawful for him and his family to receive anything from the Zakat fund. He (peace be on him) himself performed the duty of collecting and distributing the Zakat always without any compensation what soever and laid down the rule for all the Hashimites to perform this service only honorarily. He (peace be on him) decreed that employment in this department on salary was unlawful for Bani Hashim. If the wealth of an Hashimite was taxable for Zakat then it was his duty to pay Zakat, but should he be poor, needy, under debt or a traveller it was forbidden for him to take Zakat. It is, however, a moot point whether a poor Hashimite can take Zakat from an affluent Hashimite. According to Imam Abu Yusuf he can take it, but the majority of the jurists do not agree with him.

4. *Mualla fatul qulūb* are the people whose hearts are to be won to side with Islam·

The purpose of this order is to pay permanent subsidies or temporary grants to the following categories of people in order to win their support and cooperation for Islam, or to secure their loyalty or at least to neutralize their opposition:

1. Active enemies of Islam who may be appeased by grants

of money.

2. Infidels who may be lured from their camp by pecuniary award and made allies of Muslims.
3. Fresh converts to Islam whose previous hostility was so fierce or whose present weaknesses are such as to raise apprehension that, if they were not given financial aid, they would relapse into infidelity.

On this head, expenditure may be made from the غنايم (spoils of war) or other revenues or if need be, funds may be drawn from the Zakat. As regards the people of this category there is no condition that they should be poor or destitute in order to qualify for assistance from the Zakat Fund. They are entitled to receive payment from Zakat even if they are wealthy.

It is anestab lished fact that, in the time of the Holy Prophet (peace and blessings of Allah be on him), several people were paid subsidies and grants in order to appease them.

There exists, however, a difference of opinion as to whether this head of expenditure was maintained after him or not.

Imam Abu Hanifa and his companions are of the view that from the time of Hadrat Abu Bakr and Hadrat Umar (Allah be pleased with them), this head of expenditure stands abolished. Hence it is unlawful to pay any aid or grant for the appeasement of such elements.

Imam Shafii holds that فاسق (wavering in faith) Muslims may be paid from Zakat exchequer in order to conciliate their hearts, but not the infidels.

According to certain other Jurists the share of مؤلفة القلوب (those whose hearts are to be won over) in the Zakat stands valid, if and when the need arises.

The Hanafi school cites the following example in its support that 'Oaynia bin Hisn and Aqra' bin Habis applied to Hadrat Abu Bakr (Allah be pleased with him) for the grant of a particular piece of land after the demise of the Holy Prophet (peace and blessings of Allah be on him). Hadrat Abu Bakr (Allah be pleased with him) gave them a written order of allotment. The two allottees then made a bid to make their allotment more authentic and get it endorsed by some other

prominent companions. However when they brought the allotment order to Hadrat Umar (Allah be pleased with him) for endorsement, he read the order and tore it into pieces in their presence, saying, "The Holy Prophet (peace be on him) no doubt used to pay you subsidies in order to appease you, but that was the time when Islam was still in danger. Now Allah has made Islam secure from the menace of people like you." Oaynia and Aqra' went to Hadrat Abu Bakr and complained against Hadrat Umar. "Are you the caliph, or Umar ?" they taunted. But neither Hadrat Abu Bakr took any notice of their complaint against Hadrat Umar nor did anyone else among the companions expressed any disagreement with Hadrat Umar's view. On this ground the Hanafis conclude that when the Muslims grew in number and gained strength to stand on their own feet, the reason for which an allocation in Zakat was made for the appeasement of hostile elements virtually disappeared. Hence by consensus of the companions this head of expenditure stands abolished.

Imam Shafi'i (may Allah show him mercy) argues that a precedent of grants from Zakat Exchequer to appease the infidels cannot be proved from the conduct of the Holy Prophet (peace be on him). All the instances to be found in Hadith prove only that the Holy Prophet (peace be on him) made grants to appease the infidels from the spoils of war and not out of the Zakat exchequer.

In my view the correct position is that there is no valid argument for abolishing the share of مولفة القلوب (those whose hearts are to be won over) in the Zakat exchequer for good. There is no doubt that Hadrat Umar was right in his view. If the Islamic Government feels that there is no need to bear any expense for the purpose of appeasing anyone, it is under obligation to no one to act contrary to its own opinion in this matter. However, if and when the need arises, the option should be kept open for the Islamic Government to act in accordance with the provision made by Allah under this head of expenditure.

The point on which Hadrat Umar and other companions

(Allah be pleased with them) entered into a consensus was that under the conditions prevailing then, they felt no need to award grants to conciliate hostile elements. There is no valid ground for concluding from this case that consensus of the companions had abolished for good this head of expenditure which the Holy Quran itself had created for some important religious expediencies.

As for Imam Shafi'i's opinion, it appears sound to the extent that when the Government has ample resources from other heads of revenue, it should not draw upon the Zakat exchequer to pay subsidies for the conciliation of hostile elements. But when the need does arise to use the Zakat revenue, then there is no ground for discrimination that it should be spent on the impious Muslims and not on infidels. The share allocated by the Quran to the head 'payment for winning over the hearts to Islam is not conditional upon avowal of Faith by the beneficiaries. The ground for making this allocation is that Islam needs to win over the hearts of certain elements, who cannot be brought round except by money, wherever such elements exist and Islam needs to win them over the head of the Muslims is authorised by the Quran to spend the requisite amount out of the Zakat exchequer. The reason why the Holy Prophet (peace be on him) did not pay anything to the Infidels under this head of expense was that he (peace be him) had other funds to draw upon. Otherwise if it had been illegal to pay the infidels under this head of expense, he (peace be on him) would have made it explicit.

5. فی الرقاب i.e. spending Zakat for the emancipation of slaves. This expense may be made in two forms. One, when a slave has contracted to purchase his freedom from his master at a fixed sum, he should be helped to pay the price of his freedom. In the other form the Zakat money should be used to emancipate slaves in general. About the validity of the first of these two forms of expense, there is a consensus of opinion among the Jurists. The second form is held illegal by Hadrat Ali, Saeed bin Jubair, Laith, Thauri, Ibrahim Nakha'iy, Sha'abi,

Muhammad bin Sirin, and the Hanafi and the Shafi'i school, while Ibn-i-'Abbas, Hasan Basri, Malik, Ahmed and Abu Thaur consider it legal.

6. *Debtor* i.e. Debtors who, if they discharge their whole debt out of their own means, are left with an amount which is below the limit prescribed for Zakat. Whether such debtors are employed or unemployed, or have reputation of being paupers or prosperous, in both cases they are entitled to receive help from the Zakat exchequer in order to discharge their debt. However several Jurists are of the view that a man who has entered into debt after dissipating his wealth in vice and extavagance should not be assisted in the discharge of his debt until he renounces and repents for his past conduct.

7. في سبيل الله i.e. to spend Zakat in the way of Allah. The phrase 'way of Allah' is general. All virtuous acts aimed at winning the pleasure of Allah fall under its meaning. Hence certain scholars have expressed the view that under this order the Zakat money can be spent in all kinds of virtuous acts. But the truth is, and a vast majority of the past leading jurists subscribe to this view, that the phrase في سبيل الله connotes جهاد في سبيل الله 'struggle in the way of Allah, that is, struggle aimed at eliminating the secular system and establishing the system of Islam.

Those who engage in this struggle, even if they are prosperous and need no assistance to fulfil their private needs, are entitled to receive from Zakat exchequer travelling expenses, and costs of conveyance, weapons, ammunition and other necessities. Similarly, those who voluntarily offer their services and time on temporary or permanent basis for this work, may receive temporary or permanent allowances from Zakat exchequer to meet their bare needs. One further point which must be understood here is that for such occasions the provi- ment past jurists and scholars use the word غزو which is synonymous with war. Hence people usually imagine that among the heads of expenditure of Zakat, the allocation made under the head في سبيل الله is meant for war only. But in fact

the term جہاد فی سبیل اللہ (struggle in the way of Allah) is bigger and wider than war. It comprehends all endeavours to curb secularism, proclaim the word of Allah and establish the religion of Allah as a way of life, whether those endeavours pertain to the initial stages of preaching and propagation or the final stage of war.

8. A traveller, when he needs help during journey, will be given help from the Zakat, even though that traveller be prosperous at home. Some Jurists, here, have added the proviso that only that traveller is entitled to help according to this verse, the object of whose journey is not sinful. But the Quran and Hadith contain no such condition. The basic teachings of religion tell us that sinfulness of a person should not hinder us from extending help to him. In fact the greatest means of reforming the sinners and morally depraved people is to lend them a helping hand in distress and to cleanse their souls by doing good to them. The question that remains now is, under what condition is a person among these eight categories of people entitled to receive Zakat and under what conditions is he not entitled to it ?

This question is answered in a little detail below :1

1. No one can give Zakat to his father or son. Zakat from husband to wife or vice versa is invalid. On these points there is a unanimity of opinion among the Jurists. Some Jurists also suggest that payment of Zakat to near relatives whose subsistence is your responsibility or who are your legal heirs in Shariat Law, is also invalid. However, distant relatives are entitled to receive Zakat from you, rather they should be preferred to all other claimants. But Imam Auzaa'i advises, "When you set aside a sum for Zakat, do not go about looking for the deserving candidates only among your own relatives."

2. Only a Muslim and not a non-Muslim, has a right to Zakat. Zakat has been defined in Hadith as follows :

"It will be taken from your rich and distributed among

1. Adapted from خطبات (Khutbat).

your own poor."

However, the non-Muslims may be given a share from general charity. In fact it is implausible to discriminate between Muslim and non-Muslim in general charity.

3. Imam Abu Hanifa, Abu Yusuf and Mohammad (may Allah show them mercy) hold that the Zakat fund of each locality should be spent on the poor of that locality only. To send Zakat from one locality to another is implausible, save when there is no deserving candidate there, or in the case of calamity such as flood or famine, help must be sent to the affected area from the surrounding localities. Nearly the same opinion is held by Imam Malik and Sufyan Thauri (may Allah show them mercy). But this does not mean that it is unlawful to send Zakat from one place to another.

4. Some of the jurists suggest that a person who has provisions for two meals should not take Zakat. Some suggest that anyone who has ten rupees (12½ rupees according to certain others should not take Zakat. But Imam Abu Hanifa (Allah be pleased with him) and all other Hanfi Jurists hold that anyone who possesses less than Rs. 50/- is entitled to receive Zakat. This sum does not include the value of the house, household effects, conveyance or a servant. In other words a person who has less than fifty rupees over and above all these blongings can take Zakat. There are two distinct aspects to this case. One is legal, while the other is of moral excellence. The attitude of moral excellence is indicated by a saying of the Holy Prophet (peace and blessings of Allah be on him) :

> "Anyone who has provisions for the morning and evening meal and yet solicits alms from people, gathers fire for himself."

According to another tradition the Holy Prophet (peace be on him) said :

> "I prefer that a person should cut wood and earn his living than stretch out his hand to beg."

A third tradition contains this saying :

> "Whoso has something to eat and has the capacity to earn,

it is unbecoming for him to take Zakat."

But this is a lesson of fortitude. As for law, it requires that an ultimate limit should be fixed upto which a man is entitled to get Zakat. This may be ascertained from other traditions. For instance, the Holy Prophet (peace be on him) observed :

"The beggar has a right even if he arrives mounted on a horse."

A man enquired : 'I have ten rupees. Am I 'Miskin' (poor).' The Holy prophet (Peace be on him) replied : 'Yes'.

Once two men came to the Holy Prophet (peace be on him) and asked for Zakat. The Holy Prophet (peace be on him) looked them up and observed : "If you want to take it, I will give it to you. But the prosperous and sturdy people who have the capacity to earn have no share in Zakat."

All these traditions establish this law : Whosoever possesses wealth which is below the taxable limit for Zakat falls in the category of فقراء (the poor and the needy). Anyhow it is an established fact that only those persons have the right to get Zakat who are genuinely needy.

I have mentioned the essential rules of Zakat. But there is an important and necessary point beside them which the Muslims have forgotten to-day and to which I wish to draw your attention i.e. that everything in Islam is done within the framework of a social organization. Islam does not like individualism. If you are away from a mosque and pray alone, your Salat (Prayer) is valid ; but the will of Shariat is that you should pray in a congregation. Similarly in the absence of a state organization for the collection and distribution of Zakat, it is permissible for every individual to set aside and distribute his Zakat on his own. But effort must be made to collect Zakat at one centre, wherefrom it should be expended in a systematic manner. This exactly is the point alluded to in the Holy Quran :

Take alms of their wealth, wherewith thou mayst purify them and mayst make than grow (9 : 103)

Allah here orders the Holy Prophet (peace be on him) to collect

Zakat and not the Muslims to allocate and distribute their Zakat individually.

Similarly the provision for the emoluments to be paid to the functionaries of the Zakat Organization also clearly shows that the correct procedure is that the Head of the Muslims should arrange collection and expenditure of Zakat in a systematic manner.

Similarly the Holy Prophet (peace and blessings of Allah be on him) observed :

"I have been ordered to collect Zakat from your rich and distribute it among your poor."

The Holy Prophet (peace be on him) and the right-guided Caliphs (Allah be pleased with them) followed this very procedure. The entire Zakat was collected by the functionaries of the Islamic Government and it was distributed under the guidance of the centre. To-day, if there is no Islamic Government and there exists no system of collection and distribution of Zakat you are free to allocate and spend your Zakat individually in accordance with the rules laid down by the Shariah. But it is incumbent upon the Muslims as a whole to set up a central organization for the collection and distribution of Zakat, for without such an organization, the benefits accruing from the institution of Zakat remain ineffective.

(5)

BASIC RULES OF ZAKAT

A Questionnaire[1]

1. Define Zakat.
2. Who is liable to pay Zakat? What about the women, minors, prisoners, travellers, persons of unsound mind and persons residing in alien lands? Discuss in detail.
3. At what age should a person be considered mature for the purposes of levying Zakat?
4. What is the position of ornaments in personal use of a woman for imposing Zakat.
5. Should joint stock companies pay Zakat or the shareholders individually in proportion to their shares?
6. Explain the limits of Zakat liability for factories and commercial concerns?
7. In the case of companies whose shares are transferable who will be held liable at the time of assessment of Zakat; the buyer of the share or the seller?
8. In view of the present social set up, under what conditions and on what sort of assets is Zakat liable to be paid. What would be the position specifically in the case of the following assets and the problems accruing from them?
   (a) Cash, Gold, Silver, Ornaments and Jewellery.
   (b) Metal coins (including those made of gold, silver and other metals) and paper currency.
   (c) Bank balance, articles kept in safe deposit lockers, loans, mortgaged property, disputed property and property liable to be made subject of a Civil suit.
   (d) Donations.
   (e) Insurance Policies and Provident fund.
   (f) Cattle, Dairy Products, Farm output including

1. Adapted from *Tarjuman-ul-Quran*, Muharram 1370 H/November 1950-*Editor*.

grain, vegetables, fruit and flowers.
(g) Minerals.
(h) Treasure Trove.
(i) Archaeological finds.
(j) Wild and farmed honey.
(k) Fish, Pearls and other marine products.
(l) Petrol.
(m) Import and Export.

9. Did the right-guided caliphs (Allah be pleased with them) add to the list of assets liable to Zakat in the time of the Holy Prophet (peace be on him). If any addition or amendment was made to that list, under what rules was it made ?
10. Are the current coins made of metals other than nickel, gold and silver liable to Zakat ? Are coins which are no longer legal tender, or are spurious, or those which the State has called in or coins of foreign countries also liable to Zakat ?
11. Define visible and invisible wealth ? What is the position of Bank deposits in this connection ?
12. What are the limits of liability in the case of productive wealth ? Is only the productive wealth liable to Zakat ?
13. What rules do you propose for levying Zakat on such houses, ornaments and other things as are hired out as well as on taxi-cars, motor cars, and other vehicles.
14. Which of the domestically owned animals are liable to Zakat ? what about pet animals like buffaloes, hens etc not meant for commercial purposes ? Can the Zakat on them be paid in cash or in kind or in both ? What number of domestic animals, and under what conditions, is liable to Zakat ?
15. What should be the rate of Zakat on those various categories of goods and articles which are liable to Zakat.
16. Was any amendment made in the time of the rightly guided Caliphs in the rate of Zakat on cash, coins, cattle,

mercantile goods and farm yield? If so, explain the reasons in detail and quote authorities.

17. If a cash amount of two hundred silver Dirhams and twenty golden mithqal is liable to Zakat, what is their equivalent in Pakistani currency. In the case of grain Sa'a (صاع) and Vaseq (وسق) are equivalent to which scale of weights and measures now current in various parts and provinces of Pakistan?

18. In view of the present circumstances can any alteration be made in the *Nisab* (minimum ceiling of wealth liable to Zakat) and the rate of Zakat?
Give your views with arguments on this issue?

19. After what period does Zakat become due on various categories of wealth and other assets?

20. If the land yields more than one harvest in a year, is Zakat due only once a year or upon each harvest?

21. Should Zakat be levied according to the lunar calendar or the solar calendar? Should a month be fixed for the assessment and collection of Zakat?

22. What should be the heads of expenditure of Zakat?

23. Explain the extent of the various heads of expenditure of Zakat as laid down in the Holy Quran? Elucidate in particular the meaning and substance of the term فی سبیل الله i.e. in the way of Allah.

24. Is it essential that allocation be made from the Zakat to each head of expenditure laid down by the Holy Quran or can the whole Zakat money be allocated to just one or a few of those heads of expenditure?

25. Who is entitled to Zakat and under what circumstances, from amongst the various categories of deserving people? Explain in the light of circumstances obtaining in various parts of Pakistan, whether and to what extent, are the Syeds and the descendants of Banu Hashim entitled to take Zakat?

26. Can Zakat be given only to individuals? Or can it also be given to institutions, i.e. educational institutions,

orphanages, welfare homes for the poor and the invalid ?

27. Can subsistence allowance in the form of a life pension be granted out of Zakat exchequer to the deserving poor, destitute persons, widows and handicapped or old persons unable to earn their living.

28. Can Zakat be spent on works of public utility such as the building of mosques, hospitals, roads, bridges, wells and water tanks from which every person without distinction of creed or nationality is free to derive benefit

29. Can Zakat money be advanced as قرض حسنه loan to be repaid as and when possible or as loan without interest.

30. Is it essential to spend Zakat in the same area from which it is collected ? Or can it be spent outside that area or even outside Pakistan for reconciliation of hostile elements or in aid of persons afflicted by natural calamities such as quakes or flood ? In this connection how would you define an 'area' ?

31. What procedure should be followed to collect Zakat from the legacy of the dead ?

32. What precautions should be taken to prevent people from evading payment of Zakat ?

33. Should the collection and administration of Zakat be a provincial or central subject ? If it should be a central subject, what rules should be framed to allocate shares to provinces or other areas ?

34. What in your view is the best system of administration for Zakat ? Should a separate department be created for the collection of Zakat or should this function be assigned to the existing departments of the Government ?

35. Was Zakat ever declared an official cess, or is it a cess regarding which the Government's responsibility was limited to collection and distribution only ?

36. Was any tax for public business imposed beside Zakat during the period of the Holy Prophet (peace be on

him) and the rightly guided caliphs (Allah be pleased with them). If so, what sort of tax it was ?

37. What procedure has been followed in Muslim countries for the collection and distribution of Zakat ? What is their current procedure ?

38. Should the administration of Zakat stricly remain in the hand of the Government or should a Board of Trustees be constituted for this purpose under the joint supervision of Government and Public ?

39. What pay scales, allowances, pension and Provident fund rules and terms of service do you propose for the staff recruited for the collection and distribution of Zakat ?

QUESTIONNAIRE ANSWERED

1. The literal meaning of Zakat is purity and nourishment It is in the context of these two virtues that the term 'Zakat' denotes that financical submission to Allah which has been obligatory for every Muslim possessing wealth of a requisite amount, so that, after discharging the right of God and the people, his wealth is purified, and his soul too; and further, the society in which he lives is cleansed of the vices of miserliness, selfishness, and feelings of animosity and, in their stead, virtues such as love and kindness, generosity and mutual co-operation and brotherhood are nourished.

The jurists have given various definitions of Zakat. For instance:

"It is a right imposed upon wealth."

(*Al-Mughni Li ibn Qudama*, Vol. 2, p. 433)

"To give a portion of the Nisab (wealth liable to Zakat) to a needy person or a person like hime, who is free from any disqualification to take Zakat."

(*Nail-ul-Awtar* Vol. 4, p. 98).

"To hand over a particular portion of wealth according to given conditions to an eligible person."

(*Al-fiqh 'Ala al Madhahib Al Arb'a* Vol, I, p, 590).

2. Mature Muslim men and women of sound mind who possess wealth to the limit liable to Zakat are bound to pay Zakat and it is their personal responsibility to pay it.

Opinion is varied with regard to minor children. One view is that the orphan is not bound to pay Zakat. Another school of thought holds that, when the orphan attains maturity, the guardian while handing over the charge of the property to him should also acquaint him with his total liability of Zakat. Afterwards it is upto the person himself to discharge his total liability of Zakat for the period of his orphange as a minor.

The third view-point is that if the wealth of an orphan is invested in some business and is earning profit, his guardian should pay the Zakat on his behalf. Otherwise if the wealth is earning no profit, no Zakat is payable.

The fourth school of thought holds that Zakat is payable on the wealth of an orphan, and the responsibility for paying it lies with his guardian. I deem this last view-point to be more correct. Tradition states :

> "Behold. the guardian of a wealthy orphan should invest his ward's wealth in some business and should not keep it idle lest the whole of it should eventually be consumed by Zakat." (*Tirmidhi/Dar Qutni/Baihaqi/Kitab-ul-Amwal Liabi Ubaid.*)

A tradition bearing the same meaning has been recorded on the authority of others by Imam Shafi'i and another tradition has been reported by Tibrani and Abu Ubaid directly which is corroborated also by several sayings of the companions and their followers, such as Hadrat Umar, Ayesha, Abdullah bin Umar, Ali, Jabir bin Abdullah (Allah be pleased with them) and from among the followers Mujahid, Atta, Hassan bin Yazid, Malik bin Anas and Zuhri. A difference of opinion of a similar nature as above also exists with regard to insane persons. Here again the correct position, in my view, is that the wealth of an insane person is liable to Zakat, and its payment is the duty of his guardian. An explanation of this view has been given by Imam Malik and Ibn-i-Shehab Zuhri (may Allah show them mercy).

The prisoner is also liable to Zakat. The agent who is managing his business or property will, alongwith discharging other liabilities, also pay Zakat on his behalf.

Writing on this topic Ibn-i-Qudama in his work, *Kitab-ul-Mughni*, says :

> "If the owner of wealth is sent to prison, his liability of Zakat does not end, regardless of whether his imprisonment has separated him from his wealth or not, for his ownership of wealth is legally intact and the sale, gift and power of attorney of his property are legally enforceable acts."
>
> (Vol. II, p. 446)

The traveller is also liable to Zakat. There is no doubt that as a traveller he is also entitled to get Zakat. But this does not imply that if a traveller possesses an amount of wealth

which is liable to Zakat, he is exempted from the payment of this duty. Because he is in journey, he deserves help from Zakat ; but because he is wealthy, he is duty-bound to pay Zakat.

A Muslim citizen of Pakistan who is resident in a foreign country is liable to pay Zakat only if his wealth, property or business in Pakistan comes up to the limit at which Zakat is payable. A Muslim citizen of a foreign Muslim State who is resident in Pakistan is liable to pay Zakat if his wealth, property or business in Pakistan comes up to the limit at which the Zakat is payable. As regards the Muslim who is the subject of a non-Muslim state, but is resident in Pakistan, he cannot be forced against his will to pay Zakat, for his constitutional status is no more different than the non Muslim citizens of that comtry as stated in the verse :

> And those who believed but did not leave their homes, ye have no duty to protect them till they leave their homes (8 : 72).

3. Age is no bar to the creation of the liability of Zakat. Until an orphan reaches the age of maturity his Zakat liability must be dicharged, on his behalf, by his guardian. On attaining maturity when he takes charge of his property, the duty of paying Zakat devolves on him.

4. There are several opinions as regards the Zakat on ornaments. One school of thought holds that there is no Zakat on ornaments. Lending ornaments to someone is equal to paying Zakat on them. This opinion is put-forth by Anas bin Malik, Saeed bin Mussayyib, Qatada and Sha'abi. The second viewpoint is that it suffices to pay Zakat on ornaments only once in a lifetime.

According to the third view there is no Zakat on ornaments which a woman wears constantly. Ornaments kept largely unused are liable to Zakat.

The fourth opinion is that Zakat is payable on all kinds of ornaments whether in use or not. I hold this last opinion to be correct on the following grounds :

Firstly, the words of the traditions which contain the

injunction of Zakat on gold and silver are general, for instance ;

فی رقة ربع العشر وليس فی مادون خمس اواق صدقة

2½% Zakat is to be levied on silver and there is no Zakat on less than five auqiyas of silver.

There are several traditions and reports explaining that ornaments are liable to Zakat. Hence Abu Dawud, Tirmidhi and Nasai have reported the following tradition from the most authentic source ;

> A woman called on the Holy Prophet (peace be on him). Her daughter who was wearing bracelets of gold accompanied her. The Holy Prophet (peace be on him), asked : "Do you pay Zakat on this ?" She replied "No", whereupon the Holy Prophet (peace be on him) observed :
>
> "How would you like it if Allah, on the Day of Judgement, gives you to wear bracelets of fire instead of these."

Further Mowatta, Abu Dawud and Dar Qulni have recorded the following saying of the Holy Prophet (peace and blessings of Allah be on him) :

> The ornaments, for which you have paid the Zakat are not كنز impure asset.

Ibn-i-Hazam states in *Mohalla* that Hadrat Umar had included the following directive in the edict which he had sent to his Governor Abu Musa Ash'ari :

> Order Muslim women to pay Zakat on their ornaments.

Hadrat Abdullah ibn Masud was asked to give his opinion as to what was the verdict regarding ornaments ? He answered :

"When its value comes upto two hundred Dirhams, it is liable to Zakat"

Statements to the same effect are reported to have been made by Ibn Abbas, Abdullah bin 'Amr bin 'Aas and Hadrat Ayesha among the illustrious companions and Saeed bin Musayyib, Saeed bin Jubair, Ata, Mujahid, Ibn Seerin and Zohri from among the followers and Sufian Thauri, Abu Hanifa and their companions from among the jurists.

5. With regard to the companies, my view is that with the

exception of those shareholders whose share falls below the limit of liability or who have held the share for less than one year, the Zakat on the shares of all other holders should be jointly paid by the company. This procedure has the virtue of being administratively convenient as well as not being opposed in any respect to any basic rule of Shariah. Further, my view is also in accord with the opinion of Imam Malik, Shafi'i and several other jurists. (*Biduyat-ul-Mujtahid* Vol. I p. 225)

6. The machinery and instruments of a factory are not liable to Zakat. Zakat shall be payable on the value of the raw material, manufactured goods and the cash balance which the company possesses at the end of a year. Similarly no Zakat is to be levied on the furniture, stationery, shop, house and other such property of the merchant. Zakat shall be payable only on the stock for sale or the cash balance which the merchant possesses at the end of a year.[1]

In this case the rule is that the means of production in possession of a person are exempt from Zakat. Tradition relates:

> "The camels which a man employs on irrigation work are exempt from Zakat." (*Kitab-ul-Amwal*)

This is because the Zakat of the camels is paid out of the harvest which has been raised by their labour. On the analogy of this example the jurists have unanimously exempted all instruments of production from Zakat.

7. When the exchangeable shares of a company are sold in the course of a year, the Zakat on them is payable neither by the seller nor by the buyer, for none of them has held the share for full one year.

8. The commodities liable to Zakat in Shariah are as follows:

Agricultural produce (after harvesting the crop) gold and

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1. Businesses which do not lend themselves to computation in this manner (such as the newspaper business), their assets should be assessed according to prevalent methods on the basis of their annual income and upon these assets Zakat should be levied.

silver, (when their value at the beginning or end of the year comes upto or rises above the limit of liability). Similarly cash, which represents gold and silver deposits, cattle kept for breeding whose value comes up to the limit of liability at the beginning or end of the year and Minerals and Treasure Trove

(a) Cash, gold, silver and ornaments are liable to Zakat. In the case of ornaments, Zakat will be levied on the actual weight of gold or silver used in them. Jewels, whether studded in an ornament or separate, are exempt from Zakat. However a dealer in jewels will pay the same rate of Zakat as on other trade goods, i.e. 2½% of their total value.

The book *Al-Fiqh 'Alal Madhahib il Arba'a* states :

"Pearls, ياقوت and all other jewels, if they are not kept for trade purposes, are exempt from Zakat. All schools of Fiqh are agreed on this point."

(Vol. I,p. 596)

(b) Metal coins and paper currency are liable to Zakat, for their value is not based on the metal or paper used in them, but on the purchasing power with which they have been invested by law, and thus they represent gold and silver of the same amount.

Al-Fiqh 'Alal Madhahib il Arba'a says :

"The consensus of opinion among the jurists is that paper money is subject to Zakat, for in practice, it represents gold and silver and it can be freely exchanged for them in the market. Hence from among the leading jurists, the three i.e. Abu Hanifa, Malik and Shafi'i "(may Allah show them mercy) hold that paper currency is liable to Zakat."

(Vol. I, p. 605)

(c) Bank deposits are liable to Zakat. If other institutions are registered and subject to audit by the Government, their deposits too are liable to Zakat. But if they are not registered nor can their accounts be audited by the Government, their deposits fall under the definition of اموال باطنه , i.e. undeclared assets which Government cannot levy Zakat. In that case the

deposit holders are themselves responsible for paying Zakat on the value of their deposits.

Loans when raised for personal use and expended, are exempt from Zakat If the debtor keeps the amount of loan raised by him and does not use it for a year, he will pay Zakat on it, provided the amount of loan comes upto the limit of liability. If he invests the loan in business, it will be counted as his business capital and thus will not be exempted from the assessment of business Zakat.

If the loans advanced can easily be recovered, they are liable to Zakat.

Some jurists hold that Zakat on them should be paid year to year. This is the opinion of Hadrat Othman, ibne Umar, Jabir b. Abdullah, Taoos. Ibrahim Nakhai and Hasan Basri.

Some authorities hold that on the recovery of such loans, all the accumulated Zakat of former years should be paid on them. This view is held by Hadrat Abu Thaur, Sufyan thauri and the Hanafi school.

If, however, the recovery of the loans is doubtful, it would be correct in my view that if and when the loan is recovered, only one year's Zakat should be paid on it. This view has been put forth by Hadrat Umar bin Abdul Aziz, Hasan, Laith, Auzaa'i and Imam Malik and it gives just concession to the interests of both the Bait-ul-Mal (Public Exchequer) and the owner of the capital.

Zakat on mortgaged property will be levied on the occupant of the property. For instance 'Ushr on mortgaged land will be levied on mortgagee if he also takes possession of the land. The Zakat of property under dispute shall be taken from its occupant. When the dispute is settled, the Zakat shall be paid by the person in whose favour it is settled. The rule for a property which is liable to become the subject of a legal case is the same as above. Whoso occupies it, pays Zakat on it for the duration of his occupancy, for he who benefits from a thing also pays liabilities on it.

(d) If the value of a gift comes upto the level of liability

of Zakat and a year passes since the gift was made, Zakat on it shall be paid by the donee.

(e) When contributions to Insurance and Provident fund are compulsory, the order concerning them is the same as for loans recovery of which is doubtful, that is, when their amount is returned, only one year's Zakat shall be payable on them.

But if contributions to Insurance and Provident fund are voluntary, then in my view, Zakat on the accumulated deposit in the Insurance or Provident fund should be levied on year to year basis, for although the accumulated amount cannot be recovered by the owner before a fixed date, yet he has put money in the fund voluntarily and hence there is no reason why this sum should be exempted from Zakat.

(f) Cattle in a Dairy Farm are instruments of production and, therefore, exempt from Zakat. However, the products of a Dairy Farm are liable to Zakat in the same way as the products of other industries. The agricultural commodities which can be stored are liable to 'Ushr or half 'Ushr. The same rule applies to fruit which can be stored such as dry fruit, dry dates. Produce of rain-fed lands is subject to Ushr. Produce of the lands irrigated by artificial devices is liable to half-'Ushr.

Vegetables, flowers and fruit cannot be stored. Hence they are not subject to 'Ushr. But if their grower sells them in the market, commercial Zakat will be levied, provided the amount of sale comes upto the limit of liability. The limit of liability shall be in accord with the standard applicable to this trade, that is, the capital of this business should amount to two hundred dirhams or above at the beginning or end of the year.

(g) As regards minerals, the best view, in my opinion has been put-forth by the Hanbali school of Fiqh, i.e. all things extracted from the earth, metallic or fluid (Petrol, mercury etc.) are subject to 2½% Zakat, provided that their value comes upto the limit of liability and they are under private ownership. This rule was in force in the reign of Hadrat Umar bin Abdul Aziz

(may Allah show him mercy).

(*Al-Mughni Li-ibn Qudama*, Vol. II, p. 581)

(h) Regarding Treasure Trove (ركاز) the Hadith says :

20% Zakat shall be levied on Treasure Trove.

(i) Relics, or Antiques kept as momentos in homes are exempt from Zakat. However if they are kept for sale, commercial rate of Zakat shall be charged on them.

(j) As for honey, there is some difference of opinion whether a certain quantity of it is subject to Zakat or commercial rate of Zakat should be levied on its sale. The Hanafis hold that honey by itself is subject to Zakat and this view is supported by Ahmed, Ishaque bin Rahwaih, Umar bin Abdul Aziz, Ibn-i-Umar and Ibn-Abbas. At least one statement of Imam Shaffi'i also affirms this view. On the other hand Imam Malik and Sufyan Thauri say that honey by itself is not subject to Zakat. A famous maxim of Imam Shaffi'i seconds this view. Further Imam Bukhari states that :

"There is no authentic tradition regarding the Zakat on honey."

In my opinion it would be fair to levy Zakat on the trade of honey.

(k) Fish by itself is not subject to Zakat, but the same rate of Zakat is to be charged on its trade as on other trade goods.

Pearls, عنبر and all other things extracted from the sea come in my view under the definition of minerals and the same rate of Zakat should be charged on them as has been described under the heading of "Minerals" according to Imam Malik.

Hadrat Umar bin Abdul Aziz (may Allah show him mercy) acted upon this ruling during his Caliphate.

(*Kitab-al-Amwal*, p. 349 ; *Kitab-al-Mughni Li-ibn Qudama*, Vol. II, p. 584).

(l) The rule regarding petrol has been described under the heading 'Minerals'.

(m) Export is not subject to Zakat. The custom on import which was levied during the period of Hadrat Umar (Allah be pleased with him) was not Zakat, but a reciprocal tax on imports

from those neighbouring states which charged a duty on the incoming goods from the Islamic State.

9. During the period of the rightly guided Caliphs no addition of an independent and permanent nature was made to the list of goods subject to Zakat as current in the time of the Holy Prophet (peace and blessings of Allah be on him).

Only those items were added to the Holy Prophet's list whose inclusion could be justified on analogy. For example, Hadrat Umar bin Abdul Aziz added buffalo on the analogy of cow and levied the same Zakat on buffalo as the Holy Prophet (peace be on him) had prescribed for the cow.

10. Zakat shall be levied on all types of coins. See details in No. 8 sub-heading 'b' above. Coins which are out of date, spurious or have been withdrawn by the Government are subject to Zakat if they contain gold or silver whose value comes upto the limit of liability. When foreign coins are easily exchangeable with the coins of our own country, they shall be counted as currency. When they are not exchangeable, Zakat on them shall be charged if the quantity of gold and silver which they contain comes upto the limit of liability.

11. مال ظاهر Visible wealth is that which can be inspected and assessed by a Government agency and مال باطن invisible wealth is that which cannot be inspected or assessed by a Government agency. Bank deposits fall under the definition of مال ظاهر visible wealth.

12. مال نامی is that which has natural potentiality of reproduction or which can be mutlipled by effort or action. According to this definition, Zakat has been levied on only those things which are نامی productive. Zakat on cash deposits is charged because the owner has blocked its growth.

13. The value of things which are hired out should be assessed from their profit according to current rules, and 2½% Zakat should be levied. Laith bin Saad reports :

"I saw that the Zakat on camels which were hired out was charged in Medina." (*Kitab-ul-Amwal*, p. 376).

14. If cattle (camel, cow, buffalo, goat and animals like them) are raised for breeding and their value comes upto or rises above the limit of liability they shall be subject to the same rate of Zakat as the Shariat has prescribed for cattle.

(For details on this point refer to *Sirat-un-Nabi*, by Syed Sulaiman Nadvi, Vol. 5, pp. 165-167).

If, however, the cattle is kept for sale, commercial Zakat shall be levied on them i.e. if their value comes upto or rises above the limit of liability (which is two hundred Dirhams), 2½% Zakat shall be charged.

If the cattle is employed in agricultural work or carriage, or a person breeds an animal for private use, no Zakat is to be charged, whatever the number or value of the cattle.

Poultry and other fowls, if they are raised as a hobby, are exempt from Zakat. If they are bred for trade, commercial Zakat shall be levied on them. If a poultry farm is set up for trade in eggs, the same rule will apply as has been prescribed for the dairy farm or other industrial units. The Zakat on cattle may be charged in cash or kind i.e. cattle itself may be given in Zakat according to a ruling of Hadrat Ali.

(*Kitab-ul-Amwal*, p, 368).

15. The rate on various commodities liable to Zakat is as follows :—

Agricultural Produce : 10% if the land is rain-fed,
5% if the land is irrigated by artificial means.

Cash, Gold and Silver : 2½%
Trade Goods : 2½%
Cattle : Refer to the detailed table given in Volume V of *Sirat-un-Nabi* by Syed Sulaiman Nadvi as mentioned above
Minerals : 2½%
Treasure Trove : 20%
Industrial Goods : 2½%

16. No amendment was made in the time of the rightly guided Caliphs (Allah be pleased with them) in the limit of

liability and rate of Zakat as prescribed by the Holy Prophet (peace and blessings of Allah be on him), nor is there any need to do so to-day. I am of the opinion that no one after the Holy Prophet (peace be on him) is authorised to amend the limits fixed by him. Whatever was prescribed by the Holy Prophet (peace be on him) a Muslim has implicit and whole-hearted belief in it and no one who really has faith in Allah and the holy Prophet (SAW) can ever imagine to evade his injunction—nay he will carry out his injunction willingly and voluntarily. But the soundness of a law framed by someone else, even a representative assembly, the Muslims can never accept unconditionally and therefore they may be tempted to adopt all sorts of evasive tactics, as is commonly done by people in the case of other taxes. Hence Zakat, which in reality is a form of submission to Allah and one of the articles of faith in Islam, should not be brought to such an hazardous pass where Muslims cannot discharge their duty with complete honesty and in full faith.

17. The limit of liability in the case of cash, silver, mercantile goods, minerals, treasure trove and industrial goods is two hundred Dirhams. According to the research of Maulana Abdul Hai Farangi Mahali, two hundred Dirhams worth of silver according to the standard weight of our country comes to about 36 Tolas 5 Masha 4 Ratti but the figure in popular estimation is 52½ Tolas. Another research of Maulana Abdul Hai is that 20 mithqal of gold is equal to 5 Tola 2 Masha 4 Ratti, though it is commonly thought to be equivalent to 7½ Tolas.

According to the computation of *Kitab-ul-Amwal Li abi Ubaid*: weight of Ten Dirhams = $82\frac{3}{10}$ grains of barley = 7 mithqals of gold.

18. This has been answered in No. 16 above. However a change can be made in the limit of liability on gold for the limit 20 mithqals in this case is derived from a tradition of a very weak authority.

19. Except Minerals, Treasure Trove, and Agricultural Produce, in all other cases, it is a condition that Zakat will be

levied only when a person has had in his possession goods upto the amount of liability or above for full one year. The condition of one year's possession does not apply to Minerals and Treasure Trove. Upon Agricultural produce, Zakat shall be chargeable as soon as the crop has been harvested, irrespective of whether two or more crops are harvested within a year.

The Holy Quran observes :

"Pay Allah's right on the day of harvesting the crop."

20. The answer to this question has already been given in No. 19 above.

21. Since all financial business is conducted these days in accordance with the Solar Calendar, there is no objection to following this same calendar in the matter of Zakat also. The adoption of Lunar Calendar in the case of Zakat is not decreed in the holy Quran.

Neither any particular month has been fixed by the Shariah for the collection of Zakat.

In which-ever month the Government starts the operation to collect Zakat, that month may be taken as the first month in the Zakat calendar.

22. & 23. Eight heads of expenditure of Zakat have been laid down in the Holy Quran. They are :

The poor فقیر, the destitute, functionaries of the Zakat department عاملین زکواۃ, winning over the hearts of aliens مولفۃ القلوب, freeing the slaves رقاب, relieve the debtors غارمین, in the way of Allah فی سبیل اللہ and to help the traveller ابن السبیل.

The term poor فقیر refers to every person who is dependent upon others for his living. This word covers all types of needy persons including the old or physically handicapped people who are in permanent need of help and those who for some temporary circumstance have been reduced to a dependent status and can, with little assistance be rehabilitated such as orphans, widows, the unemployed and people who have become victim of emergencies.

The term *Miskin*, destitute has been defined in Hadith as

follows:

"The person who earns less than his minimum need, but his condition is not easily detectable for the people to help him, nor does he come forth and beg alms from the people."

According to this definition, the Miskin or destitute is a man of noble character who strives to earn his living, yet cannot earn enough to meet his needs. Seeing that he is employed, the people do not help him; and he is too self-respecting to seek assistance from the people.

The term functionaries عاملين refers to the staff who collect, distribute and maintain the accounts of Zakat. Irrespective of whether they are themselves liable to pay Zakat or not, they shall be paid salaries from the Zakat Exchequer.

The term مؤلفة القلوب refers to the people whom it is intended either to deter from opposition or to persuade them to serve the cause of the Islamic State and there is no alternative but to pay money to them for this purpose.

This term also covers those Muslims whose faith is too weak to motivate them to help promote the interest of Islam. Moreover both citizens of Islamic State and the aliens can benefit under this head of expenditure. Even if these people themselves are liable to pay Zakat, they are eligible to receive Zakat if and when the Islamic State decides to enlist their support.

I do not subscribe to the idea that the مؤلفة القلوب head of expense stands abolished for ever. Hadrat Umar's opinion concerning this head of expense was relative to his own time and does not hold permanent validity.

By the term رقاب are meant slaves. To spend Zakat for the emancipation of slaves falls under this head. At a time when slavery does not exist, this head of expense will remain defunct.

The term غارمين refers to those debtors who after discharging their debt are left with an amount of wealth which falls below the limit of liability for Zakat. In such case no distinction will be made between those debtor who earn and those who do not earn.

The term في سبيل الله in the way of Allah signifies "Jihad

(struggle) in the way of Allah", whether this struggle is waged with sword or pen or by physical labour and exertions. No one among the older scholars has taken this phrase to mean social welfare work.

It is commonly agreed that the meaning of the phrase is limited to the efforts made to establish and propagate, the religion of Allah and to defend the Islamic State.

The term ابن سبیل i.e. the traveller, although he may be affluent at home, but when he is on journey and requires help, he is eligible to receive assistance from the Zakat Exchequer.

24. It is not essential that the Zakat revenue should be spent on all the heads of expenses prescribed by the Holy Quran. The State can spend suitable amounts on selective heads according to its discretion and, if need be, it can allocate the entire Zakat revenue to just one head of expense.

25. Among those who deserve Zakat, the poor and the destitute are entitled to Zakat only if their possessions fall below the limit of liability for Zakat. As regards the functionaries of the Zakat Organization and مؤلفۃ القلوب, those whose hearts are to be reconciled, even if they are affluent enough to be liable to Zakat, they are entitled to receive payment from Zakat. The very fact, that a person is a slave, entitles him to receive assistance from Zakat in order to enable him to secure freedom from slavery. The debtor can receive Zakat only, if after discharging his debt, his wealth falls short of the limit of liability for Zakat.

The traveller ابن السبیل, is entitled to Zakat, if he needs help during his journey. The descendents of the clan of Hashim are not eligible to get Zakat. But to-day in Pakistan it is very hard to identify who is a Hashimite and who is not. Hence the State should give Zakat to every one who needs it. It should be left to an individual's own conscience to refuse Zakat, if he believes himself to be a Hashmi.

26. When the Zakat revenue has been collected in the Exchequer, the State can disburse it to individuals as well as to institutions. It can also establish institutions to carry out the

work under various heads of expenditure.

27. The people who need Zakat permanently or temporarily may be given allowances on a permanent or temporary basis, as the case may be.

28. The connotation of the head of expense في سبيل الله i.e. in the way of Allah, is not wide enough to be equated in meaning with Social Welfare work.

29. There is no illegality involved in advancing قرض حسن i.e. loans without any time limit from the Zakat revenue; rather under the present circumstances it would be advisable, in my view, to make an allocation from the State Exchequer for the extension of loans to the needy persons.

30. Under normal circumstances it is only fair that the Zakat collected from one area should be spent on the people in need of the same area. Once during the period of Hadrat Umar bin Abdul Aziz, the Zakat of *Ray* was transferred to *Kufa*. The Caliph ordered its return to *Ray*. (*Kitab al-Amwal*, p. 590).

However in the case of an acute emergency, surplus balances of Zakat from other areas, where they are less needed, may be channelled to affected areas. In the event of a catastrophe occurring in foreign countries, the surplus balance of Zakat may also be sent there for humanitarian reasons and for reconciling the hearts of the affected people, but care should be exercised that needy persons at home are not neglected. The area means an administrative boundary, be it a District, Division or Province. The administrative unit from the point of view of the country would be a Province. The units of the Province would be Divisions and that of the Divisions, the Districts.

31. The first charge on the legacy of a dead person are the debts he had contracted during life. The next liability is the arrears of Zakat. His will constitutes the third claim on his legacy. The balance, after discharging the above-mentioned three liabilities, will be distributed among his inheritors. The death of an affluent person does not lift the obligation of Zakat from him. Whether he has willed it or not, the Zakat due from him

must be paid out of his legacy. 'Ata, Zuhri, Qatada, Imam Malik, Imam Shaffi'i, Imam Mohammed, Ishaque bin Rawaih and Abu Thaur nearly agree with this opinion. Some jurists have suggested that Zakat should be paid only if the deceased has so directed in his will, otherwise not. But in my view this opinion should apply only to اموال باطنه Invisible wealth, for it is possible that the deceased had paid Zakat on this part of his wealth in his lifetime without anyone knowing about it. But in regard to اموال ظاهره the visible wealth, if the administration of Zakat is in the hands of the Government, the existence of such a possibility is eliminated. Hence the arrears of Zakat shall be counted as a debt on the deceased. The first charge on his legacy will be the debts he owes to individuals and the next liability is the debts he owes to God and community.

32. Three methods may be adopted to prevent the evasion of Zakat:

Firstly, State Administration should be in the hands of persons of character and integrity who shun bribes and conduct the business of collection and distribution of Zakat without partiality or dishonesty. They should not allocate a major portion of the Zakat revenue to the account of their own salaries and allowances.

The integrity of collectors will inspire confidence among the public that their Zakat will be collected in a fair manner and will be spent on lawful heads. Hence the public will not resort to evasion of Zakat.

Secondly, Social morality should be reformed and the character of the people should be built on the foundations of Love and Fear of God. The duties of the Government should not cease with administration and defence of the country but should extend to the moral training of the citizens.

Thirdly, the common and all imaginable forms of evasion of Zakat should be curbed by legislation. For instance a person who transfers a sizable amount of his assessable wealth to a near relation before the end of the year should be prosecuted and the onus of proof that he has not transferred the wealth with

the intention of evading Zakat should lie on him.

33. In my view, the collection and distribution of Zakat should be a provincial subject, and the centre should have an over-riding power to allocate the surplus Zakat balance of one province to those provinces where the Zakat revenue is small or falls short of the extraordinary local need.

Further, the centre should have the power to requisition a portion of the provincial Zakat revenues for the purpose of establishing departments or financing projects related to service 'in the way of Allah' at home or abroad, and to send help to the victims of catastrophes in foreign countries.

34. In my opinion there is no need to create a separate department for the collection of Zakat. Collection of Zakat from various sectors may be assigned to appropriate departments which are already collecting other taxes in the same sector. For instance collection of Zakat on Agricultural produce and cattle wealth may be assigned to the Revenue Department. Zakat on trade goods should be colletced by the Income Tax Department. Similarly Zakat from manufacturing units may be realised by the Excise Department and so on. The maintenance of Zakat revenue should be the responsibility of the Government Treasury and its accounts should be prepared by the Accountant-General's Office.

If the Zakat is made a Provincial subject as we have suggested and its collection has to be assigned to a department directly under the charge of the Central Government, then, by mutual agreement, the expenses of that department insofar as they are incurred in connection with the collection of Zakat may be charged on the Provincial account. However, there should be a separate Department for the distribution and expenditure of Zakat under the prescribed heads. The charge of this department should be given to a Minister who already holds the portfolio of Auqaf and Religious Affairs.

35. It should always be clearly realized that Zakat is not a "Tax", but an act of "financial worship and submission to Allah." There is a world of difference between "Tax" and "Worship"

in terms of basic concept and moral spirit. If the functionaries of Government and the Zakat payers take Zakat as a "Tax" and not as "an act of worship", the moral and spiritual benefits which are the real object of Zakat will go by the board and the collective welfare will suffer a serious setback.

The collection and distribution of Zakat under the aegis of Government does not make it a government tax. In fact the management of this financial worship has been assigned to the Government for the precise reason that it is the responsibility of an Islamic State to regulate and establish all forms of collective worship among the Muslims. The establishment of the system of Salat and the supervision and arrangements for Hajj are just as important duties of the Islamic State, as the collection and distribution of Zakat.

36. A rule has been described in Hadith :

ان في المال حقاً سوى الزكوة

"There are other rights too on the wealth of a person besides Zakat."

In the presence of this guideline the question whether an Islamic Government can levy other taxes besides Zakat becomes utterly irrelevant. The prescription of Heads of Expenditure of Zakat by the Holy Quran clearly implies that the Government can impose taxes to meet expenses under heads other than those of Zakat. Further, the Holy Quran also ordains :

يسئلونک ماذا ينفقون قل العفو

"They enquire from you : What should we spend. Say: *Afw*."

The word *Afw* is a synonym of 'Economic Surplus'. *Afw* therefore, provides clear scope for taxation besides Zakat. Moreover, precedents exist of the levying of taxes in addition to Zakat during the period of the right-guided caliphs (Allah be pleased with them). For instance, duty was levied on imports in the time of Hadrat Umar (Allah be pleased with him) and it was not credited to the Zakat account, but to فی (the general revenues of the Government). Then there is no injunction in the Hadith

from which it may be inferred that the Government is debarred from charging taxes for public expenses, and the rule is that what has not been forbidden is lawful. As far as I know no jurist of Islam, with the exception of an obscure person Dohak bin Muzahim, has ever held that :

نسخت الزكوة كل حق فى المال

"The Zakat has abolished all other rights on wealth."

This opinion of Zakat has not been accepted by any notable jurist. (*Al-Mahalla Li Ibn Hazm*, Vol. 2, p. 158)

37. In the opening period of Muslim History, state collectors used to go about and charge Zakat on the visible wealth at the spot. There were no separate treasuries to collect Zakat. All the revenues of Zakat went to the Public exchequer of the Government, though the account of Zakat was maintained separately. The function of distributing the Zakat was performed by the same Government servants who discharged duties of other nature also. I do not know of the creation of any separate department for the distribution of Zakat in that period. But these are administrative problems which we can resolve in such form and manner as suits our present conditions and needs.

I am not aware whether any present Muslim State has set up any regular department for the collection and distribution of Zakat.

38. In my view the function of collecting and distributing the Zakat should be performed by the Islamic Government itself.

39. The Salary, Grades, Allowances, Pension Rules and other terms of Service in the Zakat Depattement should not be different from those of other public Services. However, the Government should radically transform its policy and procedure with regard to remuneration of all Government employees.

If the existing wide gaps between the incomes and allowances of higher and lower cadres are allowed to continue, I am afraid the collection and distribution of Zakat will not be carried out on right lines.

(6)
CAN THE LIMIT OF LIABILITY AND THE RATE OF ZAKAT BE CHANGED ?[1]

Question. Talking about Zakat someone said that its rate can be altered to suit conditions at a particular time. The Holy Prophet (peace be on him) had considered 2½% rate as suitable for his own time. The modern Islamic State can increase or decrease this rate according to the prevailing conditions. He argued that the Holy Quran often discusses the subject of Zakat, yet nowhere mentions the rate of Zakat. Had a certain rate of Zakat been mandatory, it would have been revealed.

On the other hand, my assertion was that the Holy Prophet's (peace be on him) decrees are unalterable and valid for all times. As for my interlocuter's claim, I argued that the next day he might also assert that the number and mode of prayers might also be changed in keeping with the demands of time and circumstances. This would reduce the injunctions of the Holy Prophet (peace be on him) to mockery.

The second point that I made was that in order to meet further liabilities the Islamic State can levy additional taxes on the authority of the Hadith :

في المال حقا سوى الزكواة

There are other rights too on the wealth of a person besides Zakat.

This same Hadith also contains implied proof of the permanent validity of the rate of Zakat. If the rate of Zakat could be modified, why this Hadith ? Yet my interlocutor insists on the truth of his claim. Kindly favour us with an explanation of this point.

Answer. Your argument concerning Zakat is absolutely correct. We are not authorised to amend the limits or rates prescribed by the Bearer of Shariah. (peace be on him) If this door is opened, not only will the limit of liability and rate of Zakat will be affected but an endless process of amendment and abrogation, will start in connection with several matters including Salat,

1. Adapted from Volume 4 of *Rasail-o-Masail.*

Fasting, Hajj, Nikah, Divorce and Inheritance. Further, if this liberty were granted, the equilibrium and balance created by the Bearer of Shariah (peace be on him) between individual and society for just ends will beupset. A conflict will arise between the individual and society. The individual would press for an amendment in liability and rate which suits his interests whereas the society would want to serve its own interest. It may easily develop into an election issue. If a legislation owering the limit of liability and increasing the rate is passed, the affected individuals will not pay Zakat with an open heart, which is the very essence of worship. They will consider it an extortion like taxes and a vicious circle of Tax evasion will readily start.

The present state of every one submitting willingly to the order of Allah and His Apostle (peace be on him) and paying Zakat voluntarily as an act of worship cannot last if the Parliament is empowered to pass legislation on the limit of liability and the rate of Zakat according to the whims of the majority of its members.

(7)
THE PROBLEM OF ZAKAT ON COMPANY SHARES[1]

Question : The problem of Zakat on a partnership business i.e. the Company shares is beyond my comprehension. The share in itself has no value ; it is merely a piece of paper.[2] It is by means of this document that a share-holder becomes owner of a proportionate value of the goods and properties of a company. The question to be considered, however, is what is the extent and type of the properties held by a company ? If the property held by the company consists of buildings, lands and machinery, then the stock-holder being only a sharer in these properties is not liable to Zakat, for according to rule stated by you, these properties are exempt from Zakat. No doubt the share of the stock-holder bears value, yet it is a part of the entire assets which the company holds in the form of immovable property. Why then should the share of a stock-holder be liable to Zakat ?

Answer. The share-holder, the value of whose share in a company comes upto the limit of liability shall be held liable. However, the Zakat shall not be levied on a share-holder individually. Zakat on the share value of all partners who are liable to Zakat shall be charged collectively from the company according to the rules of commercial Zakat. Machinery, building

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1. Adapted from *Tarjuman-ul-Quran* Rabi-al-Awwal, Rabi-al-Sani 1370 H/January, February, 1951

— *Editor.*

2. The correspondent has given an utterly incorrect definition of Share. The piece of paper he refers to is neither share, nor has it any intrinsic value. It is only a documentary proof that a certain man holds a share of certain ratio in a particular business. When two men are equal partners in a shop and write out a deed of partnership, this deed would not in itself form part of their partnership, but would be a written proof of it. The same applies to a joint-stock company which has numerous share holders. The corresponden's statement that "share in itself has no value" is also erroneous, for share denotes the ratio of partnership of a person in the ownership rights of a business, its capital and related assets. The value of the share is in fact the price of this right of ownership.

'Share' is not just a concept, it is a solid, material fact.

and furniture of a Company shall be exempted from the assessment of Zakat. Zakat will be levied on the remaining assets of company consisting of its trade goods, and the amount of its capital at the close of a year. If the nature of a company's business cannot be determined in this way, the Zakat shall be levied after assessing its financial position on the basis of its annual income.

Question. In your writings, I have seen so far on the subject of Zakat on commercial shares, you seem to presume that an Islamic State or at least a central organization for the collection of Zakat is in vogue and that the only problem to be considered is at what rate and from whom the Zakat will be collected. What rule should be followed with regard to Zakat on shares until a central organization of Zakat is established? Many people to-day hold shares in commercial concerns. At what rate should they pay Zakat on these shares?

Considering my shares as cash in hand, I made up my mind to pay 2½% Zakat on their value.

But I found, however, that the entire annual income on these shares after deduction of taxes will go into Zakat. Some shares yield such a small dividend that the Zakat on them has to be paid from one's own pocket. Such a state of affairs is highly inconvincing.

Answer. The rule is that for computation of Zakat on commercial shares, the share value shall not be considered as cash in hand. Zakat on shares shall be charged according to the rule followed in the case of trade goods, that is when a year has elapsed after the commencement of business an assessment should be made of the stock, its value and cash in hand. Then Zakat at the rate of 2½% should be paid on the total value of stock and cash in hand. In accordance with this rule the market value of your shares in one or more companies shall be computed. The fact that a man has sold his first share and purchased a second one several times during a year is immaterial. The year shall be counted from the date on which you purchased your first share and at the end

of the year Zakat at the rate of 1/40 shall be levied on the sum total of the market value of shares and cash in hand. As regards your predicament that after deduction of taxes your income from shares is so meagre that the whole of it is likely to go into Zakat, I can offer no panacea. This is a penalty we must pay for living under Governments who never consider the point of Zakat when imposing taxes.

We must endure this punishment as long as we do not change the system of Government under which we are living to-day.

Question. Your writings on the subject of Zakat on commercial shares are before me. As a rule, the Zakat on investment in a partnership business should be levied only once. Hence according to your view if the combined Zakat of all shares is charged from the company, then in my opinion Zakat should not be charged on individual shares. Again while levying Zakat on a company the exemption of those share-holders whose shares fall below the limit of liability or who have held the share for less than a year is also questionable. More often than not it is difficult to ascertain whether a shareholder whose share in a company falls below the limit of liability of Zakat is himself otherwise liable to Zakat or not.

Another aspect of this problem is also noteworthy. The economic effects of charging Zakat on individual shares and levying Zakat on the collective shares of the company would be completely different. It will be possible for the company to put the amount of annual Zakat in the cost account and proportionately increase the price of its goods, because it is seldom feasible to pay the full amount of Zakat out of the profit or to pay the dividends to shareholders after meeting the liability of Zakat. If Zakat is charged from individuals, there will be no such effect on prices.

At another point you have expressed the opinion that the things which are hired out are also liable to Zakat. If this opinion is correct it should apply to the value of taxi-cabs, trucks and buses hired out for transport.

Similarly a person who owns several houses and shops and lets them out on rent should be liable to 2½% Zakat on the total value of his property. But I doubt the liability of Zakat in both these cases for two reasons. Firstly because since the time of earlier scholars till to-day I have not come across an opinion or a practical example that Zakat is to be charged on the total value of rented houses.

The second reason is that the argument which you derive from the tradition of Laith bin Saad in *Kitab-al-Amwal*, p. 376 does not seem to fit in here. Camels are liable to Zakat as camels and not as things hired-out.

I hope you will resolve this difficulty by throwing some more light on the problem.

Answer. The article on Zakat published in the *Tarjuman* of November 1950 was an answer to the Questionnaire issued by the Government. In this answer it was presumed that Zakat shall be charged from the companies by the Government. The answer to a question in the *Tarjuman* of July 1962 was based on the supposition that the company itself will not pay the Zakat, but that Zakat shall be paid by the individual shareholders. Please read the two answers keeping the different suppositions in mind.

If the company pays Zakat on its business as a whole, there is no question of inidvidual share-holders paying the Zakat separately on their shares. However it is indeed difficult for a company to ascertain in the case of every shareholder whether he is liable to Zakat in his independent capacity or not. It is, therefore, the responsibility of such shareholders to inform the company that their capacity falls below the limit of liability so that their shares may be exempted from Zakat.

If the collection of Zakat is under Government management, then the fact that a company has added Zakat to its cost account and has consequently raised the prices of its products cannot be concealed from the official collector. This irregularity can be easily stamped out by the Government.

But in the absence of State-Management of Zakat, only that

company will voluntarily pay Zakat whose directors are inspired by a sense of religious duty. Such people cannot be expected to give Zakat with one hand and evolve tactics to take it back with the other.

Suppose they indulge in such a practice, they will have to pay an increased amount of Zakat the following year. If they again raise prices, their liability of Zakat will also rise. This process will repeat itself till a stage will be reached when it will become impossible for them to push up the price line.

The note on things for hire was brief. Hence the subject could not be made clear. My view-point is that the value of the business of those who hire out furniture, motor cars etc. should be assessed on the basis of their profit. This does not mean that Zakat should be charged on the value of furniture or motor cars etc. which they hire out, for these are the instruments of their business and there is no Zakat on the value of the means of production.

What I mean to say is that the value of a business should be determined by the extent of its profit. About the houses which are rented out, I hesitate to express any opinion on the ground that I did not find any ruling from the jurists of the earlier days of Islam in favour of charging Zakat on the houses let out on rent. The reason for the exemption from Zakat الابل العوامل (the working camels) is the same as I have mentioned above i.e. the instruments and animals by means of which a man works are exempt from Zakat. For instance, Zakat of cattle will not be charged on ploughing oxen or beasts of burden. Similarly cattle in the Dairy Farms are not liable to Zakat. The reason is that, the Zakat of all these animals is included in the Zakat on the commodity produced by their labour. The camels which are hired out also fall under the definition of "means of producing wealth." Hence they should also be exempt from the Zakat prescribed for cattle, nor should their value be subject to Zakat. The Zakat should be levied on the value of this hiring business.

1. (*Tarjuman-ul-Quran*, February. 1963).

(8)

ZAKAT IN THE CASE OF PARTNERSHIP AND MUDARBA[1]

Question. "Two men enter into a business partnership. The first partner invests both his money and labour in the business. The second partner only contributes his labour.

The profit, it is agreed, will be divided into three portions, one portion going to capital and one each to the partners. Two questions arise regarding the Zakat on such type of business.

(a) If the Zakat is paid collectively from the business capital, the second partner complains that the capital is owned by the first partner, who earns an additional portion of profit on it. Hence the Zakat on capital should be paid only by its owner. Is this objection of the first partner valid?

(b) The possibility of profit or loss is ever present in business. Zakat on the other hand is concerned not with profit or loss, but with capital. Even if the business suffers loss, the Zakat has to be paid on the capital in hand. Now if Zakat is paid even in the event of loss, the Zakat liability of the second partner will be paid out of his one-third portion of the profit in the following year. This will be in addition to his Zakat liability of this year. Under this situation, the Zakat of the second partner no longer remains Zakat but becomes a tax on him inasmuch as he has to meet one portion of the capitalist's liability of Zakat.

Answer (a) Zakat is not levied on the capital with which a business is started, but on the value of the total assets. The correct procedute is to pay Zakat on the total assets first, and then distribute the profit among shareholders according to the ratio agreed upon.

(b) The rule for trade goods is that if the value of certain mercantile goods exceeds the limit of liability, the Zakat should be paid on them. Now the man the

1. Adapted from *Tarjuman-ul-Quran*, January 1950—*Editor*.

basis of whose partnership is his labour, has participated to some extent in creating the value of business. This value has not been created by the initial capital alone. Hence two portions of the Zakat on this business should be paid by the capitalist and one portion by the partner whose share is based on his labour.

(9)

THE LIMIT OF LIABILITY FOR ZAKAT ON نقود METALS[1]

Question. All books on Fiqh mention that the limit of liability for Zakat on silver is 100 Dirhams (or 52½ Tolas) and that on gold it is 20 Dinar (or 7½ Tolas). The Ulema are of the opinion that when a person possesses both gold and silver and the value of each falls below the limit of liability for Zakat, then the value of gold should be reckoned on the basis of the value of silver or *vice versa* and that way will be preferred in which the combined total value of both is greater. But they also state that if a man possesses only silver, then the basis of reckoning shall be silver and if he possesses gold only, the basis of reckoning shall be gold.

On this ground it becomes obligatory for a man who possesses Rs. 60/- to pay Zakat, but the man having 6 Tolas of gold is exempt, even though he possesses wealth to the amount of Rs. 500/- according to the present rate of gold. Nevertheless the decrees of the Ulema make it obligatory for the former to pay Zakat and acquit the latter from this liability. Is it not odd to levy Zakat on a man who possesses a lesser amount of wealth and exempt the one who has more.

According to my own reckoning the ratio between the values of gold and silver in the past was not what it is to-day. At present the ratio is 1 : 75 or 1 : 80, but in the time of the Holy Prophet (peace and blessings of Allah be on him) the ratio was 1 : 7. The prescription of Zakat has been based on the value of a thing, and for نقود (Metals), one hundred and forty Mithqals of silver have been fixed as the basic limit of liability for Zakat. The Holy Prophet (peace and blessings of Allah be on him) had mentioned this quantity of silver while fixing the limit of liability for Zakat. The liability was fixed at this level beause at that time the value of 140 Mithqals of silver was equal to the value of 20 Mithqals 7½ Tolas) of gold. But this does not mean that the limit of liability for Zakat in the case of gold should remain fixed at 7½ Tolas for all times to come. Rather

1. Adapted from *Tarjaman-ul-Quran*, June, 1946—*Editor*.

that weight of gold be the limit of liability which is equal to 52½ Tolas of silver. That is to say anyone who has gold should assess its price. If the price of gold in his possession equals or exceeds the price of 52½ Tolas of silver, then he should pay Zakat on it. My opinion is corroborated neither by any text in the Books of Fiqh nor are the contemporary Ulema prepared to accept it. Hence I lack conviction in my own opinion. I shall however be satisfied by any view in this matter which you regard as sound.

Answer. Your opinion is correct to the extent that the ratio between the values of silver and gold in the time of the Holy Prophet (peace be on him) was the same as is manifest from the limit of liability, that is 52½ Tolas of silver=7½ Tolas of gold.

But I do not accept your view that sicne a wide difference in the ratio has now come about, hence the limit of liability of Zakat on gold should be determined on the basis of the value of silver. I append the following two reasons for differing with your view :

1. It is difficult to determine whether the basis of computation should be gold or silver ? Should the limit of liability on gold be raised or lowered according to the price of silver or *vice versa* ? Whichever of the two is regarded as the basis of computation or the basic standard, it would be contrary to the dictate of Shariah, for the bearer of the Shariah (peace be on him) has issued separate and permanent orders about the two and has given no express or implied indication f om which it may be inferred that the prescription of either the gold or the silver as the basis of computation or the basic standard for the other was in his mind.
2. انفع للفقراء *i.e.* to the benefit of the poor, is not in itself an absolute or established basis which may justify amendment of an express order of the bearer of the Shariah.

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1. Adapted from *Tarjuman-ul-Quran*, December, 1951 – *Editor*.

3. Alteration in the ratio between the prices of gold and silver is a recurrent feature. If no separate limit of liability is fixed for each and the limit of liability on one of these metals is made conditional on the fluctuating price of other metal, then because of the recurrent ups and downs in their prices, no order of Shariah will hold permanent validity. Moreover, the public will experience practical difficulties in carrying out the injunction.

4. The difficulty mentioned by you in the case of gold and silver is equally relevant in the case of goats, camels, cows, buffaloes and horses. The ratio between their prices undergoes vast fluctuations in different ages and lands. In their case it is also hard to determine as to which animals' price should be taken as the basic standard to assess the limit of liability on the other animals.

For the above reasons, it is better to maintain the fixation of Zakat liability on the quantity or number of things which was determined by the bearer of Shariah (peace and blessings of Allah be on him).

10

DISTINCTION BETWEEN ZAKAT AND TAX[1]

Question. Would it be justified in this age of liberalism to force the wealthy to pay Zakat for the benefit of the poor especially when the former class, besides other taxes, pays Income-Tax also ?

Answer. In respect of Zakat, the first point to be borne in mind is that it is not a tax, but an act of worship and an article of faith in Islam, just as Prayer, Fasting and Pilgrimage. Anyone who studies the Quran attentively can notice that the Book generally mentions Salat and Zakat together and regards Zakat as an article of the Divine Code which each successive Apostle (peace be on him) proclaimed in his time. Hence to consider and deal with Zakat as a tax is the first basic fallacy. Just as after exacting official and other services from its employees an Islamic Government cannot exempt them from offering Salat on the ground that they have already performed their public duty, so it cannot say after levying taxes that the citizens are exempt from the payment of Zakat because they have already paid such and such taxes. The Islamic Government must so adjust its working hours that its functionaries are able to offer their prayers in time. Similarly it must introduce suitable amendments in its system of taxation to make room for the collection and distribution of Zakat. Moreover it must also be understood that none of the current taxes is levied by the Government for those objects or is spent by it in those forms which have been laid down by the Holy Quran in connection with Zakat. Hence to confuse Zakat with other civil taxes is not correct by any means.

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1. Adapted from *Tarjuman-ul-Quran*, December, '61 (*Editor*).

11

IS IT JUSTIFIED TO LEVY INCOME-TAX IN ADDITION TO ZAKAT[1]

Question. Is it justified in Islam to impose Income-Tax alongwith levying Zakat?

Answer. Yes. Both are justified in an Islamic State. The expenditure of Zakat is fixed, as mentioned in Surah Taubah of the Holy Quran. Simlary the limit of liability and the rate of Zakat was fixed by the Holy Prophet (peace and blessings of Allah be on him). Hence any amendment or abrogation in this respect would be illegal. Obviously then, if the State needs finances to meet other responsibilities, it is free to seek monetary assistance from the citizens. If the lending of this assistance is made compulsory it is a tax; if it is voluntary, it is a donation; if the Government promises to return it, it is a loan.

Zakat and these other exactions are neither interchangeable nor can abrogate each other.

This is the answer in principle to the above question. But at the same time I assure you that if a truly Islamic Government is established in our country and its administration is run honestly there would be no need to impose the multifarious taxes which are current today. You are fully aware of the corruption and irregularities committed in the payment and recovery of taxes. On the one hand hardly 10% of the tax revenue is spent for the purposes for which the tax was levied. On the other hand, evasion of tax has become a common habit. If the system of Government is reformed, one-fourth of the present taxation will suffice and the benefit accruing from it would be manifold.

1. Adapted from *Tarjuman-ul-Quran*, September, 1954——*Editor*.

Problems of Labour and their Solution[1]

The hardships and problems confronting the industrial labour and farm workers to-day are the direct result of a faulty economic system, which in itself is merely a component of a corrupt order of life. Unless the entire system of life is replaced and in consequence the economic system is improved, the present problems of the working class cannot be fully resolved.

Causes of the Malaise

The present economic system of our country is not entirely of the British Raj. The evils of this system were evident even before the advent of the British rule. Shah Waliullah's writings bear ample evidence that even in his days the people were crying under the burden of an oppressive economic system. The British augmented the existing wrongs with innumerable new ones, and imposed on the country a system far worse than the previous one. The multiplication of wrongs in the British period was firstly due to the fact that the rulers were protagonists of a materialistic civilization and secondly, it was an age in which *laissez-faire* Capitalism was at its zenith. Moreover, the British had imperialistic designs and their object was to exploit the local population to serve their own national interests. These three elements made the system they imposed on the sub-continent a rule of tyranny. Later we got rid of their bondage, but even after their departure no signs of any change in the existing system have

1. This extract has been taken from the speech delivered by the venerable author at the Convention of Labour Welfare Committee, Pakistan held on 13th May, 1957. —*Editor*.

appeared so far. The reason is that our political revolution is not the out-come of any struggle far any moral or intellectual change. It was a fake revolution born out of a political conflict. Just a day before the proclaimation, nobody had any working plan for the future. There was no clear conception of any system of life to be adopted, and the nation as a whole had no clear cut programme to implement. Since Independence no evil has waned, nay, evils have been waxing ever more. The edifice raised by the British on the pillars of Capitalism, Imperialism and Materialism stands erect even to-day. Rather than dismantle this edifice, it is being further developed. Ever since the establishment of Pakistan, no need has been felt to alter or amend the laws enacted to protect that materialist system. The rules framed by the British to bolster their imperial power are still in force ; the same administrative policy is being followed and the same educational system reigns in our society. Had our Independence been the natural outcome of some moral and ideological struggle, we would have a clear cut plan before us for running the country; we would have prepared such a plan long before the attainment of Independence and would have started its implemention without a moment's delay after winning freedom. But this never happened. The evils rampant in the period of our slavery have not the least decreased ; rather the wrongs prevalent in the British period have increased manifold and are thriving day by day.

The Real Need

Our real need to-day is to change the entire system of life. Unless this is done, no distress, no grievance, no wrong can be fully redressed. The real cure for the present ills is that the whole system with all its ideological and moral moorings should be scrapped and in its stead should be constructed a system on such moral and ideological foundations which guarantee social justice. When this change in the system of life is effected, equity and justice will be automatically established and the problems and grievances of the working class removed. In our view, the foundations of life which can guarantee real social

justice can only be provided by Islam and it is the establishment of the system of Islam for which we strive. Different concepts of Islamic justice are being put forth from various quarters. Some advance one interpretation and some another. Nevertheless, the real sources of Islam, the Quran and the Sunnah, are extant in their original form, and only that interpretation will be viable which can be authenticated with reference to both these sources. Ultimately it is only the public opinion in the Muslim society which will decide in favour of one interpretation or the other. Hence there is no cause for alarm at the difference in interpretation. Any democratic order which is built according to the dictates of the Quran and Sunnah will, God willing, ensure equity and justice.

Solution of Problems

But until such a comprehensive and basic change is brought out in the system of life, we have to endeavour to establish justice to the utmost possible extent, to do the maximum for this amelioration of the lot of the working class and to safeguard this class from becoming the tool of opportunist parties who may exploit their grievances to establish an un-Islamic system.

Of these three objectives, the last merits some detailed explanation. The psychology of people differs from man to man Take the case of a man who is groaning with pain. One considers it most opportune moment to plunder the afflicted person, to make capital out of his distress and pain and to exploit his suffering to his own advantage.

Another one thinks that until full scale medical treatment is arranged for the patient, at least some sort of first-aid must be provided to him to relieve him of his suffering as much as possible. In regard to the working class, both these types of mental attitudes are at present in operation. This class is involved in severe hardships and the modern capitalistic system has entangled it in countless problems and difficulties. One party desires to exploit the difficulties of this class for political ends. Their real objective is not to remove the hardships and redress the grievances of the working class ; rather they try to augment

the difficulties of the working class and seek to block the redress of even those grievances which can easily be removed and scratch the wounds which can be healed, so that the unrest in this class should grow and the situation may be exploited for carrying out acts of vandalism, disruption of law and order and the establishment of Communism through violent revolution.

The system which they hold out as Utopia of the workers is really a Hell for the workers. In fact, the real misfortune of the working class will begin the day on which, God forbid, the Communist system comes into effect. The lot of the worker is no doubt bad to-day, but the misery he will suffer under the Communist system is unimaginable. To-day you can press your demands and if these are not accepted you can call a strike, hold meetings, take out processions, create an uproar or leave the job and try your fortune somewhere else. In the Communist Paradise all these avenues would be closed, for all factories, lands, printing presses, the media, all the means of life and the forums for voicing opinion would be in the hands of the same authority which controls police, the C.I.D., the army, judiciary and the prison camps. The worker shall have no alternative but to endure his misfortune patiently. Meetings, processions and strikes will be a thing unheard of. Let alone meetings, processions and strikes, the worker will not be allowed even to groan over his pain. Furthermore there shall be no other course open to him to try his luck. There will be only one landlord in the whole country and all the farmers will be reduced to his tenants. There will be only one industrialist in the whole country whose service all working men must enter. The working people must take whatever pittance is offered to them, whether it suffices for their living or not. It is for the establishment of such a system that this element wishes to exploit the working class, and it is to this end that it undertakes to solve their problems so that these may never be solved and the working people may ultimately be used as tools for staging the Communist Revolution. This faction deceives the labourers and farmers into thinking that it will expropriate all factories

and lands of the capitalists and feudalists and nationalize them under the Communist State whose workers and farm-tenants then all the citizens must become. This faction demands the right to strike for all the workers of the world, yet wherever a Communist State has come into being its first act has been to proscribe the workers' right to strike. This party says to the workers,

"In the socialist system all causes of discontent which induce the workers to go on strike shall be eliminated."

Yet it is entirely out of question that where tens of millions of people work under the authority of a small clique of rulers, there should arise no cause for complaint. The question is if a complaint does arise, do the workers have a right to form a union in the Communist State? Can the workers find free Press to ventilate their grievances? In fact, can a worker escape imprisonment for so much as uttering a word of complaint? This is why we feel convinced that the socialists are poised for perpetrating a greater tyranny than the one to which the capitalist and the feudalist is subjecting the working people to-day and that the socialists wish to use the working class as fuel for the furnace of Communist Revolution.

Principles of Reform

In contrast to it our desire is that until such time as the Islamic system of social justice is established, endeavours should be made to ameliorate the problems of the depressed class to the maximum possible extent, and neither to exploit this class for political purposes ourselves, nor allow others to do so.

We do not believe in class conflict. We intend to eliminate class consciousness and class distinction. It is a wicked system which creates class divisions in a society. Moral corruption sets up distinctions and injustice generates class consciousness. The programme adopted by the Communists is to increase class consciousness as much as they can and bring about a confrontation between various classes in a society. They want to disrupt the tyrannical system of capitalism and feudalism and replace it with an even more atrocious Communist system.

In contrast to them we look upon human society as one organism. Just as various organs in a body have their own separate place and function and there is no conflict for instance between mind and liver——nay the body lives because each organ carries out its assigned task as a member of a team. In the same way we desire that various components of the society should function in their own place according to their ability, capacity and natural aptitude and extend sympathetic and humane cooperation to one another. Thus let alone class conflict, there should not arise among them any sort of class consciousness or distinction.

We desire that everyone, employer or worker, should recognise his duties before his rights and look to their efficient performance. As individuals become duty-conscious, conflict will be eliminated and problems will cease to arise.

We desire to awaken the moral instinct of man and rescue the 'ethical man' from the clutches of the "unethical beast", which has overwhelmed him. If the 'ethical man' in individuals succeeds in liberating himself from the clutches of the 'unethical beast' and begins to work efficiently, the fount of evils will gradually dry up.

In our view those who work for reform should also seek to reform the economic system of our country and guide both the employer and the worker along the right path.

We say to the employers : if you hold your interest dear and do not wish to ruin yourselves, you should not give way to the blind craze for amassing wealth, abandon malpractices and profiteering, recognise and pay the lawful rights of your workers, do not expropriate all the economic advantages of the country's development, but let them reach the masses also whose collective resources and collective endeavour is promoting this development. Wealth is not produced by capital alone. It is the combination of capital with organization, technical skill and physical labour which produces the values called wealth, and these values are secured with the assistance of the entire social organism known as the State. If these values are

equitably distributed among all the instruments of production and all practices forbidden by Islam are abandoned, those anarchist movements can never gain a foot-hold which, if successful, would spell disaster for you.

To the workers we say: work out justly what are your lawful rights and what is the share of capital, the administrative and business executives and technologists in that wealth which is produced by a combination of their skill and your labour. Whatever movement you initiate for the sake of your rights must be based on equity and you must never take that exaggerated view of your rights which the protagonists of class war present before you. All your endeavours to win lawful rights must take a lawful course. In such a case it would be the duty of every righteous man to support your cause.

We seek to introduce the following reforms[1] in the economic system of the country:

1. Interest, speculation, gambling and all other forms of gaining wealth which have been proscribed by the Islamic Shariah should be declared illegal and the people should be allowed to pursue only lawful means of earning wealth. Moreover, all forbidden forms of spending wealth should be banned. It is only by these measures that capitalism can be rooted out without destroying free enterprise which is a *sine qua non* of democracy.
2. The most iniquitous concentration of wealth which has taken place through unlawful and unjust means and due to the undeserved favours of an evil system should be eliminated by bringing the top capitalists to account according to Islamic principles and divesting them of all their illicit gains.
3. To end the inequalities in land-holding created by a long-standing evil system, the following rule of Shariah should be followed: "Extraordinary measures which

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1. This is an extract from the resolution adopted by the working committee of the Jamaat-i-Islami. It is reproduced here because it had been drafted by the author. (Editor)

do not come in conflict with Islamic principles may be adopted to meet extraordinary situations." In view of the above mentioned rule :

(a) All old or new Jagirs which were granted by an unlawful exercise of authority under any Government should be forthwith abolished for their ownership is invalid under the Shariah Law.

(b) In the case of old holdings, a ceiling (say one or two hundred acres) should be fixed and all land in excess of the statutory ceiling should be purchased from the owners at equitable rates. Such a ceiling may be enforced as a temporary measure in order to do away with old disparities. But no ceiling can be permanently kept in force, for it not only clashes with the Islamic Law of Inheritance but also comes into conflict with several other laws of Shariah.

(c) A regulation should be framed under which all lands, whether State property or secured through the above mentioned means or made cultivable by new barrages, should be sold to landless farmers or owners whose holdings fall below the economic level, and the price should be recovered by easy instalments. The local people should be given pre-emptory right to purchase these lands. The procedure of allotting lands at low rates or as gift to influential people or officials should be abolished and all allotments previously made should be annulled. Moreover the sale of land by auction should be discontinued.

(d) Islamic Law of Tenancy should be strictly enforced and all un-Islamic customs should be declared illegal, so that no land holder can deal with his tenants in an unjust and oppressive manner.

4. The current ratio of disparity between salaries which exceeds 1 : 100 should be reduced to 1 : 20 for the time being, and gradually brought down to 1 : 10. Further it should be ensured that no wage falls below the sub-

sistence level at the prevalent prices. Under the present conditions this level should be fixed at between Rs. 150/- to Rs. 200/- per mensem and it should be periodically reviewed according to fluctuation in prices.[1]

5. Low-paid employees should be given suitable facilities in housing, medical care and education of children.
6. All industrial workers should receive cash bonus in addition to the subsistence wage mentioned above. The workers should be made partners through the allotment of bonus shares, so as to give them a stake in the growth of their industrial units and in order to make them share in the profits which their labour has helped to earn.
7. The present Labour Laws should be replaced with such just Laws as are conducive to the ending of conflict and creation of real cooperation between capital and the labour—laws which guarantee the legitimate rights of the workers and establish an equitable procedure for the adjudication of industrial disputes.
8. State laws and administrative policies should be so modified and reformed as to eliminate the monopoly of a small privileged group over Commerce and Industry and to associate a maximum number of individuals as owners and profit-sharers in both sectors.

   Moreover, all loop-holes in the laws and State policies which encourage profiteering, create artificial shortages and deny fruits of economic development to the masses, should be plugged.
9. Basic and key industries whose management by private sector is detrimental to public interest should be nationalized. The decision as to which industries should be taken under public control lies with a representative Assembly, elected by the free vote of the masses. The Assembly must ensure, however, that nationalized

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1. These suggestions were made in the midst of 1959.

industries do not fall prey to bureaucratic malpractices which convert them into losing concerns instead of profitable ventures.

10. The entire Banking and Insurance system, working in our country which, originally, is the plan of Jewish Capitalists should be radically changed and a system based on the Islamic principles of *Mudarba* and mutual co-operation should replace it. Without this basic reform, the evils of Banking and Insurance cannot be removed, even if these two sectors are taken under public control.

11. To implement the Islamic scheme of Social Security, the better of which has not been devised by any other system, an agency should be established for the collection and disbursement of Zakat. It is the only measure which guarantees provision of food, clothing, shelter, medical help and education to every citizen.

12. The six points which the Pakistan Democratic Movement unanimously adopted out of its 8-Point Programme should be put into effect to close the disparity between East and West Pakistan.[1]

It should, however, be clearly understood that Man's real and only problem is not economic, though this problem is inextricably linked with other problems of life. Until comprehensive reforms according to Islamic precepts and rules are effected in the moral, educational, political, legal and administrative spheres of life, no programme of mere economic reform can be successful or fruitful.

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1. This 8-point Programme was presented as a national demand to the Ayub regime in the last quarter of 1969 by Pakistan Democratic Movement, an All-Party political Alliance formed for the realization of Democracy in Pakistan.

Insurance and Schemes for its Reform[1]

Question. I feel confused on the question of Insurance, and cannot decide as to whether contracting an Insurance Policy is lawful from the Islamic view-point. If the present form of Insurance business is unlawful, what amendments are needed to make it lawful. If under the present circumstances, we wind up this business, the people will be deprived of its many benefits. It is a sort of universally established scheme and every nation has organized Insurance business on a vast scale and is enjoying its benefits. We are still suffering from confusion and indecision on the issue. Will you please give me proper guidance in the matter and oblige.

Answer. According to Islamic Shariah, there are three basic objections to Insurance business which make it unlawful.

Firstly, a large part of the capital collected by Insurance companies as premium is invested by them in usurious business. Policy-holders thus automatically become sharers in this unlawful business.

Secondly, the undertaking of the company to pay the stipulated sum in the event of death, accident or loss is a sort of gamble or a game of chance.

Thirdly, the sum paid at the death of the Policy-holder is a bequest of the deceased according to Shariah which should be distributed among his legal heirs. The company does not pay the sum to legal heirs, but to a person or persons whom the Policy-holder had nominated his heirs. The correct position under Islamic Law is that no will can be made in favour of legal heirs.

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1. This chapter contains the learned author's answers to some leading questions. —*Editor*

The question as to how can the Insurance business be run on Islamic principles is not so easy to answer. A commission of experts, well-versed in both Islamic Law and mechanism of the Insurance business should look into the whole issue and suggest measures to bring this business in line with the principles of Shariah. Until this is done we must at least feel guilty of doing something improper. Without this sense of guilt, any effort at reform becomes irrelevant.

No doubt, the Insurance business holds an important place in modern life and is being practised all over the world, but it is not enough to make an act legitimite or lawful. Nobody can claim that all that is going on in the world is lawful or should be lawful because it is universally practised. It is our duty as a Muslim nation, to distinguish between right and wrong and insist to run our affairs on right lines.

Question. You rightly suggest that basic reforms should be introduced into the Insurance business. But you know this is a long and unremitting work.

I have so far prevented my company from going into the Life Insurance business, but now, after much consideration I have concluded that the evils of Life Insurance can be removed by adopting following measures :

1. At the time of depositing the security with the Govrnment an advice may be given to the Company that instead of investing the premiums received in usurious business, it should invest the money in some State enterprise or P.I.D.C. With some canvassing the Government, I think, will agree to this suggestion. Thus, partnership in usurious business may be avoided.
2. The Company has the power to accept or reject any Policy proposal. We can insert a clause in the form of contract under which a Policy-holder can instruct the Company that at his death, the Company should divide the amount of his Policy among his heirs according to Shariah.

In strict compliance with the injunctions of God and

His Apostle (Allah be pleased with him) it can also be laid down that the application of a proposer who does not agree to abide by the Shariah in the division of his Policy amount, should be rejected. In this way only those persons will be allowed to take out Life Insurance Policy who submit to the rules prescribed by Shariah.

3. To eliminate the element of speculation the Policy-holders shall be persuaded to agree that at their death only that amount shall be distributed among their heirs as they had actually accumulated in their Policy account. It is clear that though under the present circumstances the Insurance business is attended with many evils, it is not altogether lacking in possibilities for doing good.

Depressed by the thought of evils I had resolved to sell my Company some time ago. Later, however, I felt that some way must be found to set an example for others and to run the Insurance business within the bounds fixed by Islam. Kindly favour me with your guidance."

Answer. The proposals which you have now outlined for reforming the Insurance business will I hope remove the causes of its prohibition. In my view the least measures that should be adopted for legitimising this business are these :

1. The Government should be persuaded to invest the Company's security deposit on equity basis in some state or semi-autonomous industrial or commercial enterprise, and pay the Company, not a fixed but proportional profit.
2. The Company should invest its other funds in such productive ventures as yield proportional profit rather than a fixed rate of interest. No portion of the Company's capital should be invested in any usurious enterprise whatsoever.
3. Life Policies should be issued only to those persons who agree to abide by the following two rules :

(a) At their death only the sum actually contributed by

them to their Policy Account shall be disbursed to their heirs.

(b) This sum shall be divided among all their heirs according to the Shariah.

4. The sum contributed by those Policy-holders who wish to earn profit should with their consent be invested on equity basis in such business concerns as have been out-lined in No. 2 above.

If you succeed in introducing these four reform measures, not only will the business of your own company be legitimised, but it will serve as a useful general guideline for others who wish to reform the Insurance sector.

Price Control[1]

Question. "This is an age of controls. But the shopkeeper does not get goods on control rates. For onward supply to his customers, the shopkeeper is forced to buy goods in the black market. Obviously if he sells these goods at control rate he will incur a loss. Hence he raises the price. Some people however, regard this as unfair and fraudulent business practice and the police also takes action against the "offenders." What does Shariah say in the matter.

Answer. Morally, the Government has no right to enforce Price Control until it can ensure the supply of goods at fixed rates. Without such arrangement the enforcement of Price Control only serves as indicator to the stockists to conceal their stocks and either to with-hold them altogether or to dispose them in the black market. If a Government, which not only possesses a theoretical knowledge of this phenomenon but has also witnessed it in practice, enforces price control, without ensuring supplies on control rates, it has no moral right to expect that the consumers and the traders would adhere to its directive. It is now quite obvious that the consumer or the retailer cannot procure anything from the wholesaler on the rates fixed by the Government. If, however, the retailers buy anything in the black market they cannot sell it in the open market at control rates. Under such circumstances, if anybody buys in the black market in order to earn his living and to meet his consumer's demand he commits no offence, and a person who further sells these commodities on rates other than the

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1. Adapted from *Tarjuman-ul-Quran*, July-October 1944—*Editor*.

control rate is not morally guilty either. If such a person is arrested and sentenced, this would be another act of tyranny on the part of the Government.

Since it is relevant to the topic, I give below a brief outline of the Islamic policy on Price Control.

During the reign of the Holy Prophet (peace and blessings of Allah be on him), the prices once went up in Medina. The citizens petitioned the Prophet (peace be on him) to fix the prices, whereupon he observed :

ان السعر غلاؤه و رخصه بيدالله وانى أريد ان القى الله وليس
لاحد عندى مظلمة يطلبني بها

"The rise and fall of prices is in the hand of Allah (i.e. is subject to natural laws) and I intend to go before Allah in such a state that no one can accuse me of tyranny or injustice."

Later he (peace be on him) would continually stress in his addresses, conversations and interviews with people that :

الجالب مرزوق والمحتكر ملعون

"The seller of necessities of life receives sustenance and favour from Allah ; the hoarder incurs His disfavour."

من احتكر طعاما اربعين يوما يريد به الغلاء فقد برئ من الله
و برئ الله منه

"He who withholds the stock of grain for forty days with the purpose of effecting an increase in prices, Allah has nothing to do with him and he is no man of Allah."

بئس العبد المحتكر ان ارخص الله الاسعار حزن و ان اغلاها فرح

"How wicked is he who withholds the stock of necessary commodities. When the prices come down he grieves ; when they go up, he rejoices."

من احتكر طعاما اربعين يوما ثم تصدق به لم يكن له كفارة

"He who has withheld grain for forty days, then even if he gives away this grain in charity, the sin which he had been committing for forty days would not be washed away." In this way the Holy Prophet (peace be on him) constantly preached and warned against hoarding, till the souls of the traders were cleansed and the hoarded stocks were brought to the open market.

Such is the power of a ruler whose administration is based on principles of "higher morality". The Police, Courts, Controls and Ordinances are not the real-props of his rule. He roots out evil from the very recesses of the heart and soul of men, reforms their motives, transforms their ideas and outlook, changes the scale of values and inspires people to a voluntary obedience of his injunctions, which are based on positive moral principles.

In contrast, the present worldly rulers whose personal motives are not unsullied, whose morals are corrupt, whose rule can find no other leg to stand except dictatorial repression ——when such rulers confront the circumstances such as prevailing to-day, they try to achieve their ends by repressive measures and instead of reforming public morality they speed up the process of moral degeneration to its last extremity.

Re-codification of Economic Laws in Modern Times[1]

We must admit that the times have changed. A tremendous revolution has taken place in the cultural and economic conditions of the world, radically transforming the financial and business practices. Under the present conditions, therefore, the *Ijtihadi* Laws (i.e. Laws deduced by the Muslim Jurists from the Quran and Sunnah in the absence of any clear cut direction in the Quran and the Sunnah) which in the early days of *Islam* were enacted in the context of economic and cultural environments of Hijaz, Iraq, Syria and Egypt cannot fully answer the present needs of Muslims. The jurists had interpreted the orders of Shariah to resolve the cases in the situations obtaining in their own time. Many of those rulings and deductions are no longer relevant as the environments and situations have changed a lot and many a new problems have arisen which did not exist at that time. Hence the laws of sale and purchase, and finance and economics as they are found in old works on Fiqh certainly need to be considerably augmented. The difference of opinion does not lie in the matter of recodification of Islamic Laws and economic and financial problems, but on the lines on which such recodification is to be done.

Need for Deliberation before Modernization

If we follow the whims of a handful of so called liberalists among us and codify the laws according to their liking, it would be a distortion of Islamic Shariah rather than the codification of Islamic Laws giving a clear indication of apostacy in economic life. These so called liberalists are leading us towards something that is diametrically opposed to our ideology and

1. This is an extract from the Author's work *The Interest i.e. Sood.* —*Editor.*

principles of Islam. Their object is to grab wealth by fair means or foul, while Islam stands for livelihood by lawful means. They strive to earn millions and billions, without regard to lawful or unlawful means. Islam, however, demands earning by lawful means only, without usurping the rights of others, no matter he becomes a millionaire or not.

According to this group a man who amasses the largest amount of wealth, gains control over the constantly expanding economic resources and buys with them the maximum comfort, prestige, power and influence, is the most successful irrespective of the fact that he might have attained this success by gross selfishness, oppression, callousness, falsehood, deception, immorality, trampling upon the rights of fellow men and brazen-faced promotion of mischief, strife, wickedness and lewdness thus driving mankind to a state of material moral and spiritual death[1].

According to Islam successful is he who endeavours to earn his livelihood by truth, trust, honesty and scrupulous regard for the rights of his fellow men. If he becomes a millionaire by an enterprise of such character, it is a reward conferred by God upon him. But even if such an enterprise enables him just to make both ends meet, to afford only tattered clothes and a thatched hut for shelter, he is not the loser. This difference of approach towards life leads this group towards pure capitalism, which is the antithesis of Islam. The concessions, allowances and permissions which they seek are never permissible in Islam. Stretch and strain the principles and tenets of Islam as you will, yet it is beyond you to deduce any rule or regulation which is not the least envisaged in the framework of Islamic teachings and principles. Hence those who wish to follow the path of capitalism would be well-advised to stop deceiving themselves and the world and clearly understand that they have no option but to

1. The reference here is to the group which seeks to declare the methods of Capitalist system lawful and in conformity with Islam. The position of Communist minded group is to the contrary. The fallacy of their standpoint has been exposed by the Author at several points in the book.

—*Editor*

adopt the economic and monetary rules and regulations current in Europe and America instead of those prescribed by Islam.

As for those who are Muslims and intend to follow Islam and have faith in the Quran and the precedent of the Holy Prophet (Peace be on him) and consider it necessary to follow them in their practical life, they do not really need a modernised code of Laws to take advantage of the institutions of capitalism, nor do they want concessions in the Islamic Law to become business magnates, bankers or industrialists. They need a code only to adapt their conduct to true Islamic norms in the present economic conditions and financial and commercial affairs, so that they can avoid such business practices as are repugnant to Allah's Law. And where, in international transactions, they confront real difficulties, they should be able to avail of those concessions which Islamic Shariah might allow in such cases. For this purpose, fresh codification of the law is no doubt necessary and the scholars of Islam are duty-bound to direct their energies to this task.

Need for Re-codification in Islamic Law

Islamic Law is not so rigid or static that its initial codification to suit a particular time and place should remain valid for all times to come without any change whatsoever. Those who entertain such concept of Islamic Law are not only wrong, they have rather failed to grasp the true spirit of Law. The Islamic Shariah is based on reason and equity. The real objective of legislation is to regulate the affairs and relations of the people in such a manner as to

(a) promote cooperation and sympathetic accord rather than conflict and competition among them,

(b) to set down their rights and duties on an equitable and balanced scale.

(c) to afford to every citizen full opportunity not only to realise his own potential but also to be helpful in the development of the faculties of others or at least not to create conflict by resisting or blocking the growth and advancement of their prospects.

For this purpose out of His Supreme Knowledge of human nature and the material world, He has issued certain decrees in every sphere of life, and His Apostle (peace be on him) has presented before us a model by complying with these decrees in practical life.

Though these decrees were issued at a particular time and under a given situation and were implemented in a particular society, yet the very words of these decres and the way and means for their enforcement by the Holy Prophet (peace and blessings of Allah be on him) reveal such wide-ranging and comprehensive principales as are equally efficacious and workable for the establishment of a just society in ever epoch and under all conditions. These principles are the only part of Islam which is eternal and immutable. It is now the responsibility of every generation of *Mujtahidin* (legists and Jurists who have the knowledge and wisdom to interpret the Holy Quran to deduce such laws from the principales of Shariah as are suitable to the conditions and circumstances of their time and place and administer them in such a way as to fulfil the objective of the law-giver.

The principles of Shariah are unalterable, but the laws deduced from them by human agency are subject to modification and revision. The reason is that the former are Godgiven, the latter are man.made. The principles of Shariah are applicable to all ages, places, affairs and needs, but the laws are deducedfrom these principles to deal with particular circumstances and cases.

Some Essential Conditions for Re-codification

Hence there is ample provision in Islam for modification in laws (provided that the modification conforms to the principles of Shariah) according to changed conditions and circumstances. The *Mujtahidin* of every age and every country are fully authorised to infer orders and administer affairs according to the circumstances of their age and their environment.

It is not that scholars of one particular age have been given a charter to frame laws for all times and people denying this right to the scholars of subsequent ages. Yet this does not

mean a free license to everyone to modify laws, distort the principles and derive crooked arguments from them according to his desire, whim or fancy, and deflect the laws from the real objective of the Law-Giver. There is a code for exercising *Ijtihad*, which consists of a few conditions ;—

The First Condition

The first pre-requisite for framing detailed laws is that the legist must fully imbibe the spirit of Shariah.[1] For this the legist must reflect on the teachings of the Quran and the life of the Holy Prophet (peace and blessings of Allah be on him).

A person who makes a deep and extensive study of both will be able to grasp the spirit of Shariah and this in sight in the spirit of Shariah would will guide him on every occasion to such course of action which is in line with the objectives of Shariah and which course of action would upset the balance of Shariah. Such alterations and modifications in laws as are made by erudite men who have gained insight in the spirit of Shariah will not only be appropriate and balanced but in their particular context, as good as the law givers injunction to meet the law givers intention. Several cases may be cited to illustrate this point. For example Hadrat Umar's (Allah be pleased with him) directive that *Hadd* punishment shall not be passed on

1. It would not be out of place to point out here that the main reason for slamming the door of *Ijtihad* in our days is that the study of Quran and the life of the Holy Prophet Muhammad (peace be on him) have been extradited from the syllabi of our Religious Education and in their place one or the other school of jurisprudence is incorporated in the course of study. Again even this course on jurisprudence is taught in such a manner that the student fails to perceive the real difference and distinction between the texts containing the injunctions of Allah and His Apostle (peace be on him) and the verdicts of the jurists. No body can gain insight into the real spirit of Islam and the basic principles of Islamic law without a deep and critical study of the Holy Quran and the life of the Holy Prophet (peace and blessings of Allah be upon him). This comprehension is an essential prerequisite for the exercise of *Ijtihad*, but it cannot be gained from the works of the jurists even after a life-long study of such works.

—Author.

Muslims during war; pardoning of Abu Mahjan Thaqafi by Hadrat Sa'ad b. Abi Waqqas who was charged for drinking liquour, a *hadd* crime or Hadrat Umar's decision suspending the punishment of amputation of hand for theft during famine.

On the face of it, these directives appear to be in conflict with the express orders of the Law-giver, but anyone who has some insight in the law of Shariah knows that these exceptions to the general rule under special circumstances were quite in consonence with the spirit and objective of Shariah.

In the same category is the case of Hadrat Hatib bin Abi Balta'ah's slaves. A man from the tribe of Muzaina complained before Hdarat Umar (Allah be pleased with him) that Hatibs slaves had stolen his camel. Hadrat Umar (Allah be pleased with him) ordered to cut the hands of the thieves but later rescinded his order, observing, "You exacted labour from these poor men, but gave them no food and reduced them to such straits that even if they had eaten something unlawful, they would be forgiven."

Hadrat Umar (Allah be pleased with him) acquitted the slaves and directed their master to pay recompense to the camel-owner. Similarly Hadrat Umar's (Allah be pleased with him) ruling in the case of pronouncing divorce thrice at a time was also at variance with the precedent established in the Holy Prophet's (peace and blessings of Allah be on him) time. But since all these modifications in existing orders were made with full cognizance of the spirit of Shariah no body ever held them as unsound.

In contrast to it any amendment in the existing order which is made without this cognizance upsets the balance of Shariah and causes disorder.

The Second Condition

The second important condition for acquiring insight into the spirit of Shariah is to take a comprehensive view of all the orders of the Law-giver in that particular field of life wherein any legislation or ruling is needed and to ascertain, after deliberation, the object of those laws, the over-all scheme of the Law-giver

in that field and its impact in the wider scheme of Islamic life and the policy of the Law-giver as a whole. Any Law framed, repealed or amended without full appreciation of the will of the Law-giver, would violate the object and spirit before the Law-giver and cause diversion from its epicenter. In Islamic Law, spirit holds precedence over letter. The prime function of the legist is to concentrate on the object, intention and expediency of the law-giver. There are situations where, if the letter of the law (drafted in general terms) is adhered to, the spirit is violated. In such cases the letter should be set aside and a course calculated to fulfil the spirit should be adopted. The extreme emphasis on establishing good and eliminating the evil in the Holy Quran is quite obvious. The Holy Prophet (peace and blessings of Allah be on him) also laid great stress on the point. Despite this he (peace be on him) forbade armed revolt against the rule of tyrants and oppressors, for the object of the Law-Giver is to transform conflict into concord. It is better to avoid an action that may lead to a greater wrong without any possibility of the restoration of right. In *Allama Ibn Taimia's Biography* it is related that during the Tartar turbulence, he chanced to pass by a party of men revelling in eating and drinking. The Allama's companions tried to remonstrate with the revellers, but the Allama stopped them and observed : "Allah has forbidden wine to shut the possibility of strife and discord and here wine is stopping these people from indulging in a greater wrong i.e. plunder, murder and destruction. Now when they are in this state it would be contrary to the objective of Shariah to stop them from drinking wine."

This shows that rules may be modified according to the special nature of the circumstances, provided that the modification fulfils rather than kills the objective of Shariah. Similarly there are certain rules which were worded in a particular language under special circumstances. The legist is, therefore, not duty bound to follow the letter of these rules under any circumstances. On the contrary he should ascertain the real objective of the Law-Giver from the letter of the law and frame

suitable rules for the achievement of that objective. For instance the Holy Prophet (peace and blessings of Allah be on him) had enjoined the giving away of one *sa'a* of date or barley or candy as Sadqa fitr (Charity on Eid-ul-fitr). This does not mean that the standard of weight i.e. *Sa'a* current in Medina at that time and the commodities mentioned by the Holy Prophet (peace be on him) are statutory obligations. The purpose of the Law-giver is merely to make the affluent give away at least such an amount in Sadqa as may enable a destitute Muslim brother to give a better time to his family during festival. This objective may be achieved by any other method which is proximate to the form suggested by the Law-Giver.

The Third Condition

Again it is necessary to understand well the principles and modes of Divine legislation, so that the same principles and modes may be adopted in framing rules in a particular set of circumstances. This understanding cannot be acquired unless a person reflects on the form of Shariah as a whole and characteristics of each law separately.

How does the Law-Giver maintain equity and balance among the laws? How does He make allowance for human nature? What methods does He adopt to eliminate evil and fulfil His objectives? In what form does He organize and regulate human affairs? What course does He adopt to lead man to His elevated goals, making at the same time, suitable allowances for natural human weaknesses? All these questions require thorough study and reflection. It is also nece sary for this purpose to deliberate on the letter and spirit of the Quranic injunctions and the wisdom of the statements and actions of the Holy Prophet (peace and blessings of Allah be upon him). Any one who has made a thorough and intelligent study of this branch of Knowledge is qualified to introduce partial amendments in the laws to suit the requirements of the given situation.

Further where a clear injunction from the Quran and the Sunnah is not available he is authorised to frame a new law, for any course adopted by such person for *Ijtihad* will not be

a deviation from Islamic principles of legislation. For instance the Holy Quran ordains the levying of *Jazia* (Poll-tax) on the people of the Book (Jews and Christians). But the companions of the holy Prophet (peace be upon him) exercising their power of *Ijtihad* extended the application of the order of *Jazia* to the Magians of Persia, idolaters of India and the Berbers of Africa. Similarly as new countries were conquered during the period of the right guided caliphs (Allah be pleased with them) several issues cropped up regarding which clear guidelines were not available in the Holy Quran or the precedent of the Holy Prophet (peace be on him) The illustrious companions (Allah be pleased with them), therefore, framed laws and rules on their own responsibility and the laws they enacted were fully compatible with the spirit and principles of Islam.

The Fourth Condition

The changes in conditions and circumstances which necessitate change in rules or framing of new rules must be examined from two angles. One, what is the nature of these circumstances and what forces operate within them? Next, what kind of circumstantial changes have occurred from the viewpoint of Islamic Law and what kind of change in Law is required by each new circumstance?

Take for instance the question of *Sood* (Interest) which is now under discussion. For a modern re-codification of economic laws we must first survey the present economic world. We shall undertake a searching study of modern methods of economics finance and exchange. We shall gain an insight into the forces operating in the heart of economic life. We shall acquaint ourselves with the theory and principles of those forces and the forms in which they come into play. Next we shall examine, from the point of view of Islamic Law, the categories into which changes in circumstances may be divided, and see what type of rules consistent with the spirit, objective and legislative principles of Shariah may be applied to each category. Leaving aside details, we can divide these changes into two categories in principle :

1. Changes that have occurred because of change in social environments, a natural consequence of the academic and intellectual development and evolution, increasing discoveries of natural resources, advancement of material means and re ources, facilities of transportation and communication, alteration in the modes of production and the expansion of international relations. Such changes are quite natural and real from the point of view of Islamic Law. They can neither be eliminated nor is it our objective to eliminate them. What is required is to frame fresh laws on the principles of Shariah to meet new situations in economic affairs, financial dealings and business transactions, so that under the changed circumstances, the Muslims may order their conduct on pure Islamic pattern.

2. Changes which are not the natural consequence of social development, but have occurred due to the hold of vicious capitalists over the economic system and financial affairs of the world.

The same oppressive capitalism, which existed in the pagan days[1] and which remained suppressed under Islam for several centuries, has once again got hold of the world economic order and with the help of advanced social resources it has introduced the same old doctrines in ever new forms in various fields of economic life. The changes that have come into effect because of the insurgence of capitalism are not real or natural but entirely artificial in the eyes of Islamic Law. These changes can be undone by force and their elimination is imperative for the welfare of mankind. It is the cardinal duty of a Muslim to eliminate these changes with all the force at his command and reconstruct the economic system on the principles of Islam.

The fight against capitalism is obligatory for a Muslim much more than the Communist. For a communist it is a

1. Here the term "Capitalism" is not being used in its present limited technical sense, but in its wider real context. "Capitalism" in its technical sense is the product of Industrial Revolution in Europe. But the real capitalism is of ancient origin and has existed in its various forms since the time when man surrendered the leadership of his cultural and moral life to satan.

matter of bread and butter only, but for a Muslim it is a matter concerning his religion and whole moral set-up. The Communist champions the cause of the Proletariat, the Muslim fights for the real interest of the entire humanity including the capitalists. The struggle of the communist has a selfish end while the aim of Muslim struggle is to earn Allah's pleasure. Hence the Muslim can never compromise with the oppressive capitalist system in vogue. Anybody who is a Muslim and acts according to Islam, he is duty bound to do his best to do away with vicious system come what may. The laws enacted by Islam in the economic field will not facilitate the absorption of Muslims in the Capitalist system and their participation in its institutions to make it a success. Its sole aim would be to safeguard the Muslims as well as the whole world from this evil and slamming all doors of development on this oppressive and unjust system.

General Principles of Commutation

Islamic Law has made ample provision for commuting the rigours of Law according to circumstances and needs. Hence one of the principles of Fiqh states ;

> "Some unlawful things become lawful under the compulsion of need," and "Where the observance of law of Shariah becomes rigorous, there the law is eased."

This principle has been alluded to at several places in the Holy Quran and the traditions of the Holy Prophet (peace and blessings of Allah be on him). For instance :

لا يكلف الله نفسا الا وسعها (البقره - ٢٨٦)

"Allah taketh not a soul beyond its scope."

يريد الله بكم اليسر ولا يريد بكم العسر (البقره - ١٨٥)

"Allah desireth for you ease. He desireth not hardship for you."

وما جعل عليكم في الدين من حرج (الحج ٧٨)

"Allah hath not laid upon you in religion any hardship."

And in Hadith it is related :

أحب الدين الى الله تعالى الحنيفية السمحة

"The best religion in the sight of Allah is that which is simple and easy."

ولا ضرر ولا ضرار في الاسلام

"In Islam there is no harm or hardship."

Hence it is an established principle in Islam that where rigour or harm is involved, the laws shall be softened. Yet it does not mean that the laws of Shariah or the limits ordained by God should be set aside to fulfil an imaginary or capricious need.

There are some rules and regulations for softening the rigours of law which can be easily understood by reflection upon the principles of commutation in Shariah. Firstly, the degree of hardship must be ascertained. Clearly the rigour of Shariah cannot be relieved in every case of hardship, otherwise the very concept of law would vanish. The hardship of ablution during winter, of fasting in hot weather, of journey for Hajj or Jihad (holy war), all these are certainly hardships. But they are not the kind of hardships for which the rigour of the law may be removed altogether. The condition for commutation or removal is that the hardship should be positively harmful, for instance the hardship of journey, illness repression and persecution of a tyrant, poverty, extraordinary calamity, civil war or some physical defect. Under such circumstances, the Shariah has commuted rigour of many laws and other commutations may also be allowed on their analogy.

Secondly, the commutation must correspond with the degree of hardship and compulsion

For instance it is unlawful for a patient, able to offer prayers in sitting posture to say prayers in a lying down position. For an illness for which it is enough to miss ten fasts during Ramadan, it is unlawful to skip fasting during the whole of Ramadan. A man who can preserve his life by drinking a cup of wine or a

morsel or two of unlawful food, is not authorised to exceed the limit imposed by his need.

Similarly it is unlawful for the physician to see more than what is absolutely warranted by professional necessity of the private parts of a patient's body. Thus the permission and commutation will be determined according to hardship and need in each case.

Thirdly, no device may be adopted to remove any difficulty or harm which may cause relatively greater harm or create greater difficulty. Only those devices will be permissible whose harm is comparatively lesser. Similar to it is the rule that it is unlawful to get involved in an evil of greater or equal magnitude while trying to avoid some evil. Nevertheless when a person is caught between two evils and cannot escape making a choice, he should opt for a lesser evil to ward off the greater one.

Fourthly, removal of evils has priority over achievement of better objectives. In the sight of Shariah it is more important to ward off evil and to avoid the unlawful and dispel anarchy rather than do good and fulfil one's duties and obligations. That is why the Shariah is more liberal in easing the rigour of obligations than in granting allowance and relaxations for prohibitions. Concessions have been awarded in the matter of journey and illness in the prescribed prayers or fasting and other duties but no relaxation has been allowed for the use of impure and unlawful things.

Fifthly, with the end or removal of rigour or hardship, the concession lapses. For instance when the illness is over, the allowance of *Tayammum* expires.

Some Forms of Relaxations (relating Interest)

Having grasped the above stated rules, let us now ponder over the relaxations that may be allowed in the laws of Shariah in the matter of Interest.

1. The acts of charging and paying Interest are not similar in character. One may be compelled by need to raise a loan on Interest but there is absolutely no compulsion for charging

Interest. Only a wealthy person can lend money on Interest and there is no point of compulsion for a wealthy person to make this unlawful act lawful for him.

2. Again every need for raising an Interest-bearing loan cannot be considered as a real compelling need. Extravagant spending on marriages or occasions of family joy or sorrow is no real compulsion. Purchase of a motor car or construction of a house is also not a genuine compulsion:

1. Such needs are often wrongly termed as emergency, hence borrowing huge sums of money from banks or money-lenders on Interest can by no means be justified in the eyes of Shariah Law. Anybody who borrows money on Interest on such flimsy grounds commits a great sin. Exception to this law can be granted only in the case of such emergency where relaxation in unlawful becomes inevitable i.e. any calamity or a serious threat to life or honour or any hardship beyond one's capacity. In such exceptional cases, only, is a Muslim permitted to borrow money on interest. But all those Muslims who had resources enough to help their brother in faith yet they did not come forward to save him from the curse of Interest would stand as defaulters and sinners. Rather the whole nation would incur the wrath of Allah as they did not care to organise Zakat and Charities and thus rendered the poor and the have-not quite helpless and with no option but to beg the money-lenders for help. In case the Muslim community has a government of their own, the government, as such, would be sinner.
2. Borrowing on interest is permissible strictly to the extent of inevitable need, and the money so borrowed should be returned as soon as possible. It is quite forbidden to pay a single penny in interest after the emergency is over, and the borrower is in a position to pay back the money borrowed on interest. The question, whether there exists an unavoidable emergency or not to justify

borrowing on interest and when that emergency is ever, entirely depends on one's own sense of piety and fear of Allah; greater the fear of Allah, the more is one cautious and careful.

3. Those, who remit their money in banks because of commercial exigencies, security or with a view to safeguard their future interests in a disturbing national situation, or those who purchase insurance policies, or those who contribute in the Provident Fund under certain conditions and regulations, should consider the principal money as their legitimate property and should pay 2½% Zakat per annum over this money. Those who are the worshippers of Allah and not the wealth, their money would not be purified untill and unless Zakat is paid on it.

4. The interest money accruing of one's deposit with the bank or insurance policy or Provident Fund should not be left with the Capitalists to the benefit of the exploiters. Rather this amount should be spent to help such needy and resourceles persons who are pressed so hard financially as to justify relaxation in the unlawful for them.[1]

5. All the profits accruing from monetary or business transactions that come under the purview of interest or carry any doubt of interest should be avoided as far as possible, but when inevitable, the amount of interest should be disposed of in the manner as stated in point No. 5 above. An honest and sincere Muslim is supposed to work for the elimination of evil and not for his own selfish interests. Whoever fears Allah and believes in the Day of Resurrection tries his best to avoid all the unlawful practices however prospective and

1. I agree with this idea, because the interest is basically procured from those in need, may it be government treasury, bank or insurance business, the main sources of procuring interest every where are the poor and the needy. (*Author*)

profitable in the interest of business and save himself from the wrath of Allah.

These relaxations are meant only for the individuals but may be extended to a nation as well when it is subjugated to others and is not independent enough to work out its own financial and economic system. But in the case of a free and independent Muslim nation, having full power and authority to solve its problems in its own way, no relaxation or concession can be claimed in the matter of interest untill and unless it is established that banking, trade and industry and the whole financial system can not work without interest and that there is no alternative to it whatsoever. This is theoretically baseless and practically wrong. In fact a financial system can be worked out and implemented successfully without the element of interest. Hence there is no point in insisting on Western Capitalistic System except that it has been decided to rebel against the Creator, and defy Allah—the Almighty and Omnipotent.